



BlueCross BlueShield of South Carolina
BlueChoice HealthPlan of South Carolina

Health Care Reform — Bulletin # 16

January 31, 2012

2012 Update

W-2 Reporting: Further Guidance Issued

Background

Starting with tax year 2011, the Patient Protection and Affordable Care Act (PPACA) requires employers to report the cost of coverage under an employer-sponsored group health plan. In the fall of 2010, the IRS issued [Notice 2010-69](#). It made this requirement optional for all employers in 2011, to give employers more time to update their payroll systems. Last year, the IRS issued [Notice 2011-28](#), which provided further relief for smaller employers filing fewer than 250 W-2 forms. It made the reporting requirement optional for them at least for 2012, and continued this optional treatment for smaller employers until further notice.

New Guidance

On Jan. 3, 2012, the IRS issued [Notice 2012-9](#). This amended some of the guidance in its previous Notice 2011-28 and added new guidance, including information on how to report, what coverage to include and how to determine the cost of the coverage.

You can find the 2011 [Form W-2](#) at IRS.gov. It includes the codes employers may use to report the cost of coverage under an employer-sponsored group health plan. This reporting is for informational purposes only. It is meant to show employees the value of their health care benefits so they can be more informed consumers. The amount reported does not affect tax liability. The value of the employer contribution to health coverage still can be excluded from an employee's income, and it is not taxable. You should also visit the IRS website to view [IR-2011-31](#) and its [frequently asked questions](#).

As always, we encourage our employer groups to consult with the tax advisers on this new guidance.

Uniform Summaries of Benefits and Coverage

Under the PPACA, insurance plans originally were to issue Uniform Summaries of Benefits and Coverage (SBC) to their members starting March 23, 2012. On Nov. 17, 2011, the Department of Labor issued sub-regulatory guidance in the form of Q&As (<http://www.dol.gov/ebsa/faqs/faq-aca7.html>). These Q&As indicate that until final rules are issued on SBCs, insurers and employers are not required to comply with the requirement. The guidance indicated that once the final rules are issued, there will be an "applicability date that gives group health plans and health insurance issuers sufficient time to comply."

This bulletin is part of a series of bulletins we are publishing as we gather information about the health care reform law enacted March 23, 2010. To access all of the bulletins released so far, please visit our websites (SouthCarolinaBlues.com or BlueChoiceSC.com). Click on the appropriate tab (Members, Agents, Benefits Coordinators/Group Administrators or Providers); then click on the "Health Care Reform" link to view the list of the bulletins.

This communication is provided for informational purposes only and does not constitute legal advice or legal opinions. The information contained herein contains summaries of various portions of legislation addressing health care reform and is subject to change without notice. This information is not a substitute for legal advice from your lawyers.

BlueCross BlueShield of South Carolina and BlueChoice HealthPlan of South Carolina are independent licensees of the Blue Cross and Blue Shield Association.