

Health Care Reform News Alert! #4



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News Alert 4

September 7, 2010



Dear Llew,

As your benefits administrator, we will inform you regarding Health Reform information as it becomes available.

Our customers come first and our service to you is the number one priority at Midwest Group Benefits. As always, feel free to contact us with questions or concerns you may have related to benefits or how the latest reform information affects your business.

Sincerely,

Sara Hotvedt, COO

Health Reform Update #4

Employer-Provided Health Coverage - Not Taxable

Starting in tax year 2011, the Affordable Care Act requires employers to report the value of the health insurance coverage they provide employees on each employee's annual Form W-2. This reporting is for informational purposes only, 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, as the value of the employer contribution to health coverage continues to be excludible from an employee's income and it is not taxable.

The PPACA (Patient Protection and Affordable Care Act) will require employers to aggregate the value of employer-sponsored coverage (health, dental, vision plans, etc.).

As of now there are many unknowns with respect to this new reporting requirement and the IRS will have limited time to issue guidance. Some of the concerns raised are:

- Ø What type of health coverage will have to be reported? Does it include employer contributions to FSAs, HRAs and HSAs?
- Ø What types of health coverage can be excluded; hospital indemnity, long term care, short and long term disability?
- Ø How will employers handle retirees or former employees who are covered by their health plans but not on the employer's payroll?
- Ø Will the IRS provide guidance on the value of health coverage for self-funded health plans?
- Ø Will there be special rules for reporting coverage for spouses, dependents and domestic partners?
- Ø Will the IRS develop a new box on the W-2 for this valuation or will an already existing box be used with a new code?
- Ø Will there be penalties if the reporting is incorrect?

If you have other questions or concerns that you would like addressed please let us know. We will forward your questions to our consultant that sits on the IRS's Information Reporting Program Advisory Committee. Questions can be emailed to Rachel at rnarum@midwestbenefits.com.

(Some of the information in this article was provided by the IRS and the SPBA)



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