

Healthcare Reform Update & Alert



June 14, 2010

More Health Care W-2 Compliance Burdens on the Horizon

Buried deep in the two-thousand pages of the Health Care Reform Laws there are new health care benefit reporting obligations that employers must comply.

Effective for reporting years beginning after December 31, 2010, employers must report the aggregate cost of applicable health care coverage on the employee's Form W-2. Amounts funded to Health Savings Accounts, Medical Savings Accounts and Flexible Spending Accounts are excluded from this "new" information reporting requirement. The reportable health care amounts are not taxable but must be disclosed.

The aggregate cost of coverage under the various health care plan(s) (medical, prescription, dental and vision) are determined under rules similar to COBRA but without the 2% administrative fee.

Employees are allowed to request their W-2 upon termination of their employment and "monthly" coverage calculations are needed. Thus, employer's payroll systems will have to be enhanced to meet these requirements.

Employers are encouraged to review their enhanced reporting obligations so the required information is timely and properly reported.

More guidance on the reporting is forthcoming.

Please give us a call to discuss this new reporting system.

If you have any questions please contact our Employee Benefit and Pension Plan Services Group at 732.828.1614 or email ERISAhelp@withum.com.

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