



## CLIENT BULLETIN

### ***IRS Issues Guidance on Reporting Value of Health Care Coverage On W-2s as Required By Affordable Care Act***

#### ***Good News: Employers Providing Coverage Through Multiemployer Plans Do Not Need To Report Any Health Care Information On W-2s***

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This IRS *Notice 2011-28* provides interim guidance on informational reporting to employees of the cost of their employer-sponsored group health plan coverage required under Section 6051(a)(14) of the Code, enacted as part of the *Affordable Care Act*. This reporting requirement was meant to provide useful and comparable consumer information to employees on the cost of their health care coverage.

Fortunately, employers who provide health coverage through a multiemployer health plan are NOT required to include the cost of coverage provided to an employee under a multiemployer plan on the Form W-2 for that employee. See Q&A 17 below.

***Q-17: Is the cost of coverage under a multiemployer plan (as defined in §54.4980B-2, Q&A-3) required to be included in the aggregate reportable cost reported on Form W-2?***

A-17: No. An employer that contributes to a multiemployer plan is not required to include the cost of coverage provided to an employee under that multiemployer plan in determining the aggregate reportable cost. If the only applicable employer-sponsored coverage provided to an employee is provided under a multiemployer plan, the employer is not required to report any amount under Section 6051(a)(14) on the Form W-2 for that employee.

A copy of the *Notice* with a Table of Contents added for ease of use is available by "[clicking here.](#)" The *Notice* is also available from the IRS website at: <http://www.irs.gov/pub/irs-drop/n-11-28.pdf>.

For employers that provide health coverage other than through a multiemployer health plan, Section 6051(a) provides generally that an employer must provide a written statement to each employee showing the remuneration paid by such employer to such employee during the calendar year, on or before January 31 of the succeeding year (or, if the employee terminates employment during the year, within 30 days after the date of receipt of a written request from such employee submitted before January 2). Form W-2, Wage and Tax Statement, is the form used to provide an employee this information.

Section 6051(a)(14) generally provides that the aggregate cost of applicable employer sponsored coverage must be included in the information reported on Form W-2, effective for taxable years beginning on or after January 1, 2011. Section 6051(a)(14) provides that, for this purpose, the aggregate cost is to be determined under rules similar to the rules of Section 4980B(f)(4), referring to the definition of the "applicable premium" for purposes of COBRA continuation coverage.

This IRS *Notice 2011-28* provides interim guidance that generally applies beginning with 2012 Form W-2 (that is, the form required for the calendar year 2012 that employers generally are required to furnish to employees in January 2013 and then file with the Social Security Administration (SSA)). Employers are not required to report the cost of health coverage on any forms required to be furnished to employees prior to January 2013.

The *Notice* contains information on the purpose of the reporting requirement in Section I and Background information in Section II.

Section III of the *Notice* provides guidance in the form of Questions and Answers (Q&As). The Q&As discuss the following topics:

- general requirements,
- identifying the employers subject to the reporting requirements,
- methods for reporting the cost of the coverage on the Form W-2,
- terms related to the cost of coverage required to be reported on the Form W-2,
- the types of coverage required to be included in the amount reported on the Form W-2,
- calculation methods that may be used to determine the cost of the coverage, and
- other issues employers may encounter in determining the cost of the coverage.

Section IV of the *Notice* contains transition relief for certain employers and with respect to certain types of employer-sponsored coverage.

Section V of the *Notice* contains a request for comments on all aspects of this guidance, including any areas to be addressed in further guidance or future regulations that will provide the final rules under Section 6051(a)(14).

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