



## W-2 reporting of employer-sponsored health care

To provide employees with useful consumer information regarding the value of their health care benefits, the Affordable Care Act (ACA) requires employers providing applicable employer-sponsored coverage under a group health plan to report the value of the health care coverage on their employees' W-2s (Wage and Tax Statement). This amount is not taxable, and should include both the amount paid by the employer, as well as the portion paid by the employee.

### Helpful facts:

- » Employers are required to provide this information by Jan. 31 for the previous year. Therefore by Jan. 31, 2014, employers should have documented this on their employees' 2013 W-2 statements.
- » The cost must be reported in Box 12 (using Code "DD" to identify the amount) of an employee's W-2.
- » The reporting requirement currently applies only to employers who filed 250 or more eligible employee W-2 statements in the preceding year.
- » The amount reported should include the amount paid by the employer and the portion paid by the employee, regardless of whether it is paid by the employee on a pre-tax or after-tax basis.

### What is included in the value of applicable employer-sponsored coverage?

- » Applicable employer-sponsored coverage generally includes any employer-provided group health plan coverage, under an insured or self-insured health plan, that is excludable from the employee's gross income. Though there are a few exceptions, the amounts that employers need to report include pre-tax and post-tax contributions paid by both the employer and the employee for health coverage.
- » Aflac policies this may apply to include: Hospital Indemnity, Hospital Intensive Care, Cancer, Specified Health Event, Specified Disease and Critical Illness.
- » Non-elective contributions made by the employer towards health Flexible Spending Arrangements (FSA).
- » Cost of coverage under an Employee Assistance Program (EAP), wellness program or on-site medical clinic – if the employer charges a premium for the coverage for purposes of

COBRA or other federally required continuation of coverage. If the employer is not subject to COBRA or any federal continuation coverage requirements, this type of coverage does not have to be reported.

## What is considered exempt?

- » Dental and vision coverage if not integrated into the major medical plan. Optional reporting permitted.
- » An employee's contribution to an FSA.
- » An employer or employee's contribution to several voluntary supplemental benefits do not need to be reported, including: Aflac's accident, disability, long-term care coverage, stand-alone dental and vision coverage, and health care spending account contributions (FSAs, HRAs, HSAs and Medical Savings Accounts). Optional reporting permitted for HRAs.

## Optional reporting

Though reporting is not required for certain benefits, employers may be permitted to report on certain benefits if they are already incorporated into the COBRA premium, including: an EAP, wellness program or onsite medical clinic without a premium charge, dental and vision plans not integrated into major medical plans, and HRAs.

## Aflac's W-2 reporting tool

Employers with Aflac have access to the new online W-2 Reporting tool through Aflac Business Services. To view and print benefits reports, log in to Aflac Business Services or, if you receive paper statements, sign up today at: [aflac.com/business/business\\_services/](https://aflac.com/business/business_services/). This tool, which is for informational purposes only, may be helpful as you prepare for your W-2 reporting of employer-sponsored health care coverage.

*This material is intended to provide general information about an evolving topic and does not constitute legal, tax or accounting advice regarding any specific situation. Aflac cannot anticipate all the facts that a particular employer or individual will have to consider in their benefits decision-making process. We strongly encourage readers to discuss their HCR situations with their advisors to determine the actions they need to take or to visit [healthcare.gov](https://www.healthcare.gov) (which may also be contacted at 1-800-318-2596) for additional information.*

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