

■ Important Update ■

HEALTH REFORM AND IRS W2 REPORTING

The Affordable Care Act (ACA) requires employers to disclose on W-2 forms the value of employer-sponsored health benefits. The Internal Revenue Service (IRS) recently issued a notice to all employers that it will provide relief by deferring compliance with the new requirement until the **2012 tax year**. The IRS did this, “to provide employers with additional time to make any necessary changes to their payroll systems or procedures in preparation for compliance with the reporting requirement.”

The IRS also issued a draft of the 2012 W-2 forms that employers will use to report wages and employee tax withholding. The form includes instructions and codes that employers may use to report the cost/value of employer-sponsored health coverage.

ACA regulations place responsibility for meeting the new reporting requirements with employers. Coventry Health Care, however, is considering how we might assist our employer group customers with these requirements.

The IRS continues to stress that the amounts reported are not taxable. The new requirement is intended to be informational only and to provide employees with greater transparency into overall health care costs.

More information on changes resulting from health reform will be provided as the information becomes available. If you have questions about this notice, please contact your account manager or visit www.irs.gov.