



HEALTHCARE REPORTING ON FORM W-2

The Affordable Care Act requires employers who filed 250 or more W-2s in 2017 to report the value of coverage under an employer-sponsored group health plan on Form W-2 for 2018.

Paytime has identified your company (companies) as having filed 250 or more W-2s in 2017. The total number of W-2s filed in 2017 will include affiliated companies with common ownership. You will be required to report the value of the health care coverage on the employees' 2018 W-2. This amount includes both the employer and employee portion of the health care coverage.

Paytime has created the attached Excel spreadsheet listing employees that have had a health care deduction in 2018. Next to each employee's name you may enter the total cost of the qualified health care coverage (see chart below). You may add or delete names on the list as needed. This information must be completed and emailed to your client service representative by 12/31/18. Once the spreadsheet is imported into our payroll system, the required information will be reflected in Box 12 code DD on the W-2.

These amounts may be entered for each employee as a "Memo" Earning Code. If you have not been entering this per pay, monthly, or quarterly, you may enter it as a total for the year. If you do not have a "Memo" Earning Code created for this information, please contact your Client Service Representative who will be able to assist you.

The information below regarding The Affordable Act was obtained from the IRS website at www.irs.gov. You may also refer to the Paytime Year End Newsletter FAQs regarding the Form W-2 Reporting Provision.

As always, Paytime is available to assist you in managing your payroll reporting responsibilities. Please contact your Client Service Representative if you have any questions.

Form W-2 Reporting of Employer-Sponsored Health Coverage

The Affordable Care Act requires employers to report the cost of coverage under an employer-sponsored group health plan. Reporting the cost of health care coverage on the Form W-2 does not mean that the coverage is taxable. The value of the employer's excludable contribution to health coverage continues to be excludable from an employee's income, and it is not taxable. This reporting is for informational purposes only and will provide employees useful and comparable consumer information on the cost of their health care coverage.

Employers that provide "applicable employer-sponsored coverage" under a group health plan are subject to the reporting requirement. In 2018, this reporting continues to be optional for

employers who filed Form W-2 for less than 250 employees in 2017. Employers who filed Form W-2 for 250 or more employees in 2017 will be required to report the value of the 2018 health care coverage on the employees Form W-2.

The value of the health care coverage will be reported on the W-2 in box 12 with Code DD to identify the amount. There is no reporting on the Form W-3 of the total of these amounts for all the employer's employees.

In general, the amount reported should include both the portion paid by the employer and the portion paid by the employee. The chart below illustrates the types of coverage the employers must report on the Form W-2.

Form W-2 Reporting of Employer-Sponsored Health Coverage			
Coverage Type	Form W-2, Box 12, Code DD		
	Report	Do Not Report	Optional
Major medical	X		
Dental or vision plan not integrated into another medical or health plan			X
Dental or vision plan which gives the choice of declining or electing and paying an additional premium			X
Health Flexible Spending Arrangement (FSA) funded solely by salary-reduction amounts		X	
Health FSA value for the plan year in excess of employee's cafeteria plan salary reductions for all qualified benefits	X		
Health Reimbursement Arrangement (HRA) contributions			X
Health Savings Arrangement (HSA) contributions (employer or employee)		X	
Archer Medical Savings Account (Archer MSA) contributions (employer or employee)		X	
Hospital indemnity or specified illness (insured or self-funded), paid on after-tax basis		X	
Hospital indemnity or specified illness (insured or self-funded), paid through salary reduction (pre-tax) or by employer	X		
Employee Assistance Plan (EAP) providing applicable employer-sponsored healthcare coverage	Required if employer charges a COBRA premium		Optional if employer does not charge a COBRA premium
On-site medical clinics providing applicable employer-sponsored healthcare coverage	Required if employer charges a COBRA premium		Optional if employer does not charge a COBRA premium
Wellness programs providing applicable employer-sponsored healthcare coverage	Required if employer charges a COBRA premium		Optional if employer does not charge a COBRA premium

Multi-employer plans			X
Domestic partner coverage included in gross income	X		
Governmental plans providing coverage primarily for members of the military and their families		X	
Federally recognized Indian tribal government plans and plans of tribally chartered corporations wholly owned by a federally recognized Indian tribal government		X	
Self-funded plans not subject to Federal COBRA			X
Accident or disability income		X	
Long-term care		X	
Liability insurance		X	
Supplemental liability insurance		X	
Workers' compensation		X	
Automobile medical payment insurance		X	
Credit-only insurance		X	
Excess reimbursement to highly compensated individual, included in gross income		X	
Payment/reimbursement of health insurance premiums for 2% shareholder-employee, included in gross income		X	
Other Situations	Report	Do Not Report	Optional
Employers required to file fewer than 250 Forms W-2 for the preceding calendar year (determined without application of any entity aggregation rules for related employers)			X
Forms W-2 furnished to employees who terminate before the end of a calendar year and request, in writing, a Form W-2 before the end of that year			X
Forms W-2 provided by third-party sick-pay provider to employees of other employers			X