

Continuation of Reporting Requirements in 2011 on Healthcare Reform

Second: Calculate the "aggregate cost" of that coverage for each employee

In calculating the aggregate cost of a company's applicable coverage, the employer does not include the following applicable coverage in the calculation:

- Contributions to HSAs or Archer MSAs
- Employee contributions through salary reductions to FSAs

Unfortunately, the exact formula for determining the "aggregate cost" of applicable coverage has not been finalized. For group health plans, the formula will be pretty simple (i.e. the amount of premiums paid to the insurance provider). For self-insured plans like HRAs, the calculation will be more complicated.

Third: Record the "aggregate cost" on each employee's W-2

Once the aggregate cost is determined for each employee, the employer will need to report the applicable amount on each employee's W-2.

Note on 04-05-2010: The aggregate cost of an employee's health benefits will not be included in the employee's taxable income. Rather, the reporting will be a way to verify medical coverage for the mandates. Also, the W-2 will be a way to track coverage values for the excise tax (starting in 2018) on medical coverage above the thresholds.