

W-2 Reporting Requirements
For Church Plans

The new W-2 Form healthcare cost reporting requirements currently apply in limited circumstances for employers participating in the Catholic Diocese of Cleveland Health Care Programs.

W-2 Reporting Required for:

Certain Diocese Insured Church Plan (Kaiser HMO) Coverage: Any participating employer under the Diocese Healthcare Program who was required to file at least 250 W-2 Forms for the 2011 calendar year and who have employees who have the insured Kaiser HMO coverage for all or a portion of the 2012 calendar year, must comply with the new requirement to report the Kaiser HMO healthcare costs (both employer and employee portion) on their employees' W-2 Forms. The rules allow the use of the actual premium amount (Kaiser monthly premiums are: \$529.11 for Single and \$1,322.78 for Family from 1/1/12 through 12/31/12) which is to be reported in box 12 of the W-2 forms with Code DD for such employees generally required to be provided in January 2013. Note, not required if terminated employee requests W-2 form prior to end of calendar year.

Explanation:

Background: Generally, Healthcare Reform added a requirement that the cost of employer-provided healthcare must be reported on W-2 statements issued to employees. The reporting requirement is for informational purposes, it does not affect the taxability of the healthcare benefits.

General Rule: For tax years beginning on or after January 1, 2012, certain employers will be required to report the aggregate costs for the calendar year (employer and employee portions of contributions or premiums) of their employer sponsored health benefits on their employees' W-2 Forms. The benefits to be reported generally include medical, dental, vision and certain other plans or benefits.

Transition Relief - the following cases are temporarily exempt from the required W-2 healthcare cost reporting (until IRS publishes further guidance with at least a 6-month advance notice):

- Church Plans: the costs of *self-insured* church plans (our Medical Mutual plans) which are not subject to Federal continuation coverage requirements. ***This relief applies to all the self-funded Catholic Diocese of Cleveland Health Care Programs.***
- Employers who were required to file fewer than 250 W-2 Forms for the 2011 calendar year.
- Dental and vision plans which are either separate from the medical coverage or for which the employee has an option to elect not to receive it (which would reduce his cost).
- Salary reduction amounts for Health FSA.
- Employees who have a termination of employment mid-year and request to receive their W-2 Forms before the end of the calendar year.

Please contact Palmira Juras in the Benefits Office (216-696-6525, Ext. 4590) or Gerald Arnold in the Finance Office (216) 696-6525, Ext. 2170) with any questions or concerns.

Further Information may be found at the following IRS website locations:

W-2 Reporting of Healthcare: <http://www.irs.gov/newsroom/article/0,,id=257101,00.html>

FAQs: <http://www.irs.gov/newsroom/article/0,,id=237894,00.html>