

United States



**Office of  
Personnel Management**

*The Federal Government's Human Resources Agency*

***Benefits Administration Letter***

**Number:** 11- 204

**Date:** June 8, 2011

**Subject: Interim IRS Guidance on Informational Reporting to Employees of the Cost of Group Health Insurance Coverage**

On March 29, 2011, the Internal Revenue Service (IRS) issued Notice 2011-28 ("Notice"), which provides interim guidance to employers regarding the new Form W-2 reporting requirement for employer-sponsored group health coverage. This requirement was added to the Internal Revenue Code ("Code") by the Affordable Care Act, Public Law No. 111-149.

Section 6501(a) of the Code generally provides that employers must provide a written statement to each employee – on or before January 31 of the succeeding year – showing the wage paid to that employee during the calendar year. Form W-2 is the written statement used to provide this information.

The Affordable Care Act added a new reporting requirement to the Code that requires employers to report the cost of employer-provided health care coverage on the Form W-2. The Code generally provides that the "aggregate cost" of all "applicable employer-sponsored coverage" must be included on the Form W-2. This generally includes coverage under any group health insurance plan, including the Federal Employees Health Benefits (FEHB) Program. This is regardless of whether such coverage is excludable from the employee's gross income under Section 106 of the Code and whether it is paid for directly by the employer in the form of a premium subsidy, or by the employee on either a pre-tax (through a cafeteria plan) or after-tax basis.

This new reporting requirement is optional for the 2011 year (Form W-2 provided in January 2012); however, based on the IRS Notice, the requirement will be mandatory for the 2012 tax year (Form W-2 provided in January 2013).

Agencies should review the Notice as it provides interim guidance that generally is applicable beginning with 2012 Forms W-2. This interim guidance is applicable until further guidance is issued. The link to the IRS Notice is: <http://www.irs.gov/pub/irs-drop/n-11-28.pdf>

If you have any questions about this requirement, please refer to the instructions in the IRS Notice.

Sincerely,

John O'Brien  
Director  
Healthcare and Insurance