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Legislative Ledger

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Healthcare Bill requires employers to show cost on W-2

The recently passed healthcare bill in Section 9002 requires employers to include the cost of employer-sponsored health coverage on the W-2. In particular, the bill language modifies Section 6051(a) of the Internal Revenue Code of 1986 (relating to receipts for employees). It amends some of the wording in paragraphs 12 and 13 of the section and adds a new section 14 that states:

“(14) the aggregate cost (determined under rules similar to the rules of section 4980B(f)(4)) of applicable employer-sponsored coverage (as defined in section 4980I(d)(1)), except that this paragraph shall not apply to—

- (A) coverage to which paragraphs (11) and (12) apply, or
- (B) the amount of any salary reduction contributions to a flexible spending arrangement (within the meaning of section 125).

(b) **EFFECTIVE DATE.**—The amendments made by this section shall apply to taxable years beginning after December 31, 2010.”

This is a requirement that all employers must meet beginning with the 2011 W-2s. For retirees, receiving healthcare benefits, it means that healthcare plan costs will be included on a W-2 from their former employer. However, nothing in the law states that this amount will be taxed.

A [Congressional Research Service](#) (CRS) summary of the bill that became law (H.R. 3590) notes that Section 9002 "Requires employers to include in the W-2 form of each employee the aggregate cost of applicable employer-sponsored group health coverage." But the CRS, and [the legislation](#) itself holds that the value will continue to be untaxed, just as in the past.