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Informal Treasury Comments on ACA

During a tax conference in Washington DC last week, Treasury made some interesting comments regarding two Affordable Care Act issues.

Form W-2 Reporting: Employers are required to report the fair market value of health coverage to their employees on the Form W-2. This provision is effective for tax years starting January 1, 2012. Treasury indicated that using the value of coverage for COBRA is not necessarily the best method, because it may not take into account non-tax dependent coverage. Treasury is working on guidance, but admitted there are many other priorities ahead of this one.

Nondiscrimination Rules: The ACA extended the Code Section 105(h) nondiscrimination provisions to insured group health plans. Currently, these rules are delayed until plan years after guidance is issued. Treasury indicated that it is debating a number of issues, including whether coverage under an insured plan that is paid for by the employee 100% after-tax would be exempt from the rules. Guidance is expected later this year.