



Ideas and Information for Human Resources Professionals

## Taxes

### New Year Brings Extra W-2 Duty for Many

Although 2012 is just getting started, many employers are already looking ahead to next year for a change in Form W-2 reporting.



Under the Patient Protection and Affordable Care Act (PPACA), companies are required to report the value of their employer-sponsored health care coverage on employees' W-2s. This takes effect for most employers this year, meaning the values must be represented on the forms issued in 2013. Smaller employers -- those with fewer than 250 W-2s to distribute, are exempt until at least 2014.

The IRS has issued a series of notices to help employers handle this new task. The guidance, according to Michael R. Durnwald of the law firm Katten Muchin Rosenman LLP, clarifies that:

- While the value of the plans must be reported, it does not affect the tax treatment of the health care coverage.
- Employers do not have to create a W-2 to satisfy this requirement for someone who normally would not receive a form (a retiree with health benefits, for instance).
- Employers can calculate the value in a number of ways, including using the COBRA premium.



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## Tools & Services

To view your HR Web tool click on the link [www.HRInsider.net](http://www.HRInsider.net) . If you do not have one or have forgotten your user name and password please send a request to [info@jaxbenefits.com](mailto:info@jaxbenefits.com).

## In Brief

- Flexible spending accounts, dental and vision plans should not be included in the value calculation.

The IRS added to that guidance shortly after the New Year's holiday, according to a report by *Business Insurance*. The IRS further clarified that employers can include contributions to health reimbursement arrangements in the calculation, but are not required to do so.

Also, costs related to wellness initiatives, employee assistance programs and on-site clinics do not need to be included as long as the employer doesn't charge premiums for them under COBRA.

Ultimately, however, the fate of this and other provisions of PPACA rests in the hands of the Supreme Court, which announced in December that it would start hearing oral arguments regarding the health care reform law in late March. A final ruling is expected in June, according to a Reuters report.

## CDHPs



## In Brief

### UNION ELECTIONS

The National Labor Relations Board (NLRB) is proposing a series of changes that would streamline procedures for union representation elections. Changes would include limits to pre-election hearings, restrictions on post-hearing requests and new limits on NLRB's power to review disputes after the election. Observers had wondered if these rules would be tabled because NLRB lost a member at the beginning of January and would not have had a quorum in 2012 -- meaning the board could not take any more action. President Barack Obama, however, used his executive power to make appointments when Congress was in recess and installed three new members to the board.

### 'ESSENTIAL' RULES

The Department of Health and Human Services (HHS) recently announced that it will give states leeway in defining the minimum benefit standards demanded by the health care reform law. The law gives HHS Secretary Kathleen Sebelius the power to set the minimum coverage rules for health care plans, but she instead has proposed that each state choose a "benchmark" plan that already exists and use it to establish rules for minimum coverage on a state-by-state basis.

### DETERMINATION LETTERS

The IRS has announced it is altering its policy on the determination letter program for qualified benefit plans. The agency will no longer consider minimum coverage and most nondiscrimination testing issues. The changes will take effect for

benefits scene. EBRI noted that 78 percent of Americans with private insurance in 2011 were covered by so-called "traditional" plans that had deductibles of less than \$1,000 for an individual and \$2,000 for a family, according to a report by the *Kansas City Star*.

The EBRI study noted a number of positive behaviors exhibited by people covered by CDHPs, including being more cost-conscious and more likely to check whether their plan covered specific medical expenses.

Wellness programs, however, were no more attractive to those under CDHPs than those in traditional plans. CDHP-covered respondents who had access to wellness plans said they did not participate because they could handle lifestyle changes on their own (60 percent), didn't have time (52 percent) or were already healthy (45 percent), according to the CCH report. However, 66 percent said they'd join up if the company sweetened the employer HSA contribution.

The apparent lack of enthusiasm for wellness can present a big challenge for employers with high-deductible options. While a beefier HSA would help workers pay for health care expenses that are already incurred, a CDHP expert notes that companies with high-deductible coverage must be proactive in helping employees improve their lifestyles to avoid future health-related costs.

Dr. Michael Parkinson, the senior medical director of health and productivity for UPMC Health Plan, said CDHPs work best when supported by a "health incentive account." Parkinson noted in an interview with *SmartBusiness* in Pittsburgh that companies would contribute money to this incentive account when employees displayed good behaviors, such as getting a flu shot or for preventive doctor visits. Workers could use this account to further cut their out-of-pocket medical expenses.

"The high-deductible component encourages employees to be active consumers of health care, while the healthy lifestyles reward component gives the opportunity to earn financial rewards for activities that have been designed to improve their health," Parkinson said.

submissions made on or after Feb. 1. The IRS expects many employers will no longer apply for determination letters because of these changes.

#### **FLEX AND HEALTH**

Researchers have discovered that workers who take advantage of flexible work schedules had better health habits. Professors from the University of Minnesota studied a group of Best Buy employees and found that those with more flexibility in their work were more likely to go to the doctor when necessary and were less likely to feel pressure to come into work when sick. The workers with flexibility also got nearly one hour more sleep than the nonflexible population.

#### **COLLABORATION LAG**

While most companies acknowledge the need for better teamwork and collaboration, many are still missing the mark, according to new research. A new industry report, "Tearing Down the Walls Blocking Collaboration and Better Business Performance," finds that 65 percent of participants said they thought their company's project performance would improve if teamwork was strengthened. However, only 28 percent said their organization is actually doing anything to make that happen.

#### **MENTAL STRENGTH**

People with mental illness can create a major challenge to productivity worldwide, according to a new report by the Organization for Economic Cooperation and Development (OECD). The group found that people with mental illness miss work often and between 30 percent and 50 percent of new disability benefit claims in

## Benefit Communication



member nations of OECD are due to poor mental health.

### SHARING TIME

A study of a new health information system suggests that patients crave the ability to share their health information with doctors and their loved ones. An analysis of the new OpenNotes system, which gives patients access to an online portal that houses their physicians' notes, found that nearly 90 percent of patients liked the system. While 35 percent expressed some concern about the privacy of the system, 22 percent said they were interested in sharing their doctor's notes with family or other physicians.

### RIGHT ON TARGET

Retirement plans with target-date funds (TDFs) have helped participants maintain a more balanced approach to their portfolios, according to a report by the Investment Company Institute and the Employee Benefit Research Institute. The study found that 70 percent of plans at the end of 2010 had TDFs. Recently-hired employees in their 20s had 35 percent of their retirement allocations in TDFs in 2010 -- up from 31 percent in the previous year and 16 percent in 2006.

## Webinars

**Communicating with Benefit Plan Participants**  
**2 p.m. ET / 11 a.m. PT**  
**Tuesday, Feb. 14**

The volume of information that employers must exchange with participants in their employee

*Employee Benefit News*, noted that among companies' corporate intranets, the most popular social media features were blogs (75 percent), discussion forums (65 percent) and instant messaging (63 percent).

Toby Ward, president of Prescient Digital Media, told *EBN* that companies need to make a real commitment to planning and technology if they want these kinds of communications to stick.

"While the popularity of social media tools . . . is rising, only about one-quarter of frontline employees and executives alike rate their intranet social media as good or very good," Ward said. "Without a proper plan, adequate investment and the requisite change management and communications, most intranet social media initiatives will fail."

benefit plans can be overwhelming. ERISA, the tax code, COBRA, HIPAA, health care reform and other federal laws and regulations impose a bewildering array of disclosure obligations. The DOL, the IRS, CMS, the PBGC and other agencies have all issued guidance requiring a variety of notices. Plan administrators must also obtain benefit elections, consents to distributions and beneficiary designations from plan participants.

Which of these communications may be accomplished over the Internet? When is posting information on the company intranet enough? When is a paper document required? How can participants make elections and grant consent over the Internet?

In this webinar, Larry Jenab and Melissa Hinkle of Spencer Fane Britt & Browne LLP will address the "how" of providing required participant notices and obtaining effective consents, with a specific focus on the nuts and bolts of electronic communication.

To register or for more information, please contact us.

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