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November 30, 2011

**New Reporting requirements from the Health Care Bill**

The Health Care Bill (Affordable Care Act) creates new reporting requirements that we will need to address starting January 1, 2012. The Bill is still in flux and some requirements could be repealed through the judicial process and ultimately at the United States Supreme Court. Congress also could make changes to the existing bill. A prime example of this is the repeal (in 2011) of the expanded Form 1099 reporting requirements that were a part of the original bill.

Starting with W-2 Forms for Calendar Year 2012 (given to employees in January, 2013) there are new reporting requirements regarding the value of health benefits given to employees by the employer. PLEASE NOTE – This reporting DOES NOT make these benefits taxable to the employee on Form W2. Instead, this information will be reported in Box 12 with the Code DD.

This reporting shows the employee and the IRS the value of health benefits paid by the employer for the employee. Some health items will be omitted. IRS is still in the process of providing specific guidance as to what we are to report.

Here are the steps that must begin January, 2012 to obtain the information that will be required for 2012 W-2 reporting:

1. Track the amount of premiums paid for health insurance for each employee. This will include dental and vision type coverage ONLY IF these benefits are a part of the group health insurance plan.
2. If you have any employer-provided medical reimbursement arrangement, these must be tracked for each employee and may be subject to reporting requirements.
3. If you have Employer contributions to FSA's, these could be subject to reporting. Again, track this for each employee if you have these. Employee pre-tax deferrals into FSA's or other similar health reimbursement accounts are not required to be reported.

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The following are not subject to the new requirements and should be ignored for W-2 reporting even if the employer provides the coverage:

1. Stand-alone plans for dental or vision care.
2. Long-term care insurance.
3. Certain health reimbursement accounts.
4. Workman's compensation insurance.
5. AFLAC or other similar specific disease or fixed indemnity plans.

We will be happy to assist you in tracking this information. If we handle your regular bookkeeping functions, we will automatically track this information from the bills that you provide to us.

We expect many questions to come from these requirements. That's the reason we are providing this information early – to assist you in preparing. Please contact us to discuss specific issues you may have.

Yours truly,

A handwritten signature in black ink, appearing to read "Dwayne M. Dills". The signature is written in a cursive style with a large, stylized initial "D".

Dwayne M Dills CPA