



**EAST RAMAPO CENTRAL SCHOOL DISTRICT
M E M O R A N D U M**

TO: All Employees
DATE: December 11, 2012
RE: NEW INFORMATION REPORTED ON W-2 REGARDING HEALTH CARE BENEFITS

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In an effort to keep you informed, we want to provide you with a brief explanation of changes that will be made to the Form W-2 you will receive in January. Changes that were in the healthcare reform law affect how certain information is reported on your W-2. This law requires employers to report information about the cost of an employee's health care benefits on the employee's W-2. This new required reporting is for information purposes only, and it does not represent a new tax.

REQUIREMENT:

The Patient Protection and Affordable Care Act ("PPACA") requires us to report the total cost of your health benefits on your W-2 starting with the 2012 tax year (W-2's issued in January 2013). We will be gathering this information throughout 2012, and this required information will appear in the W-2 that will be sent to you in January 2013. Although you did not see this amount on your W-2 that was issued in January 2012, we wanted to make you aware that this information will be provided on the form W-2 that you will receive in January 2013.

WHAT NEEDS TO BE REPORTED:

Contribution: The total cost of your health care benefits reported will include both your contribution to the cost of your health coverage as well as the District's contribution.

Types of Coverage: the District-sponsored coverage includes the cost of the NYSHIP (Empire United Healthcare) plan. Also included will be the cost of certain supplemental insurance plans contributed solely by you for specified disease (eg. Aflac cancer policy) or hospital indemnity insurance (unless the employee pays the full cost after tax).

Remember the reporting of the cost of your health care benefits is for information purposes only.

WHERE IT WILL BE REPORTED:

This total cost of health care benefits will be reported in Box 12 of your Form W-2, and it will be labeled code "DD." On Form W-2, Box 12 is used for reporting many different kinds of information. The different types of information are each labeled with a certain code, which the IRS assigns. Due to the health care reform law, the IRS has created code DD as a label for the reporting of the total cost of your employer-sponsored health care benefits.

In January 2013 when you receive your Form W-2, look at Box 12, and find code DD. This will be the amount that we have determined is the total cost of your employer-sponsored health care benefits for 2012. **This amount will not be taxed because this amount is for information purposes only. The federal government's intention is that the information in Box 12, code DD is for education purposes to enable you to become an educated consumer in understanding the total value of your health care plans.**

If you have questions, please direct your inquiry in writing to the Personnel Department.