



## Patient-Centered Outcomes Research Institute

PPACA established a new tax to fund the Patient-Centered Outcomes Research Institute, charged with studying “comparative effectiveness” in order to determine the best approach to treat a particular illness. The tax is in effect through 2019, beginning with plan years starting on November 1, 2011. For 2012, the tax is \$1.00 multiplied by the average number of covered lives, including covered employees, spouses, and dependents. For 2013, the tax increases to \$2.00 and is thereafter tied to the medical inflation rate. The tax does not apply to stand alone dental and vision plans or FSAs under certain circumstances. Guidance is forthcoming regarding the applicability of the tax to HRAs and the calculation of the average number of covered lives. RS [Notice 2011-35](#).

## More on Form W-2 Reporting Cost of Coverage

IRS [Notice 2012-09](#) issued this month provides the following additional guidance of note:

- Employee Assistance Programs, Wellness Programs, Onsite Clinics. Employers are not required to include the cost of coverage under an employee assistance program (EAP), wellness program, or on-site medical clinic in the reportable amount if the employer does not charge a premium with respect to that type of coverage provided under COBRA.
- Voluntary Reporting. Employers may include the cost of coverage under programs not required to be included, such as the cost of coverage under an HRA, for ease of administration.
- Retroactive Election Changes. Employers may rely on information available as of December 31 when an employee provides late notice of a change that occurred during the prior year. For example, if an employee provides notice in January of his divorce last November, the cost of coverage for the spouse may be included on the W-2 for the prior year.
- Third Party Sick Pay Administrators. Third-party sick pay administrators providing W-2 forms are not required to report on health care costs; the employer is still responsible for reporting applicable health care costs.

This overview is only a compliance starting point. The guidance includes comprehensive questions and answers that should be carefully read by those responsible for W2 Form preparations.

## MEWA Reporting Requirements

Proposed regulations under PPACA create stricter reporting requirement for MEWAs and increase DOL enforcement authority over MEWAs. Under the proposal, MEWAs will be required to register with the DOL by filing Form M-1 prior to operating in a state. <http://www.gpo.gov/fdsys/pkg/FR-2011-12-06/html/2011-30918.htm>.