



## Employer's Cost of Health Insurance Premiums for Employees

We put this feature was optional, but the regulations now state “until further notice”, that employers with 250 or more W2's are subject to the requirement. Basically, if you report by magnetic media, then you need to supply this information in Box 12. If you have fewer than 250 W2's then it is optional. The Instructions for the Form W-2 state it this way: **Code DD—Cost of employer-sponsored health coverage.** Use this code to report the cost of employer-sponsored health coverage. **The amount reported with code DD is not taxable.** Additional reporting guidance, including information about the transitional reporting rules that apply, is available at <http://www.irs.gov/uac/Form-W-2-Reporting-of-Employer-Sponsored-Health-Coverage>

We have added the IRS Code DD to Box 12, as an earnings type code for the cost of group health insurance. You may capture that information before year end or enter the annual total once before printing your W2's. It can be entered into the system in two ways, either directly into the employee record as described below or with a utility which was installed with the 2013 update called the **Health Care Cost Adjustment. App.** It is in your Utilities folder but it does not automatically add it to your menu. Contact your CSC for help in adding it to either your BAS or GrowPoint menu.

### How it works

**Overview:** Create a non-taxable benefit earnings type, assign it to just your health care benefits employees and make it **inactive on the employee.** Enter the employer cost of that employee's health insurance as the **RATE** on this new **inactive earnings type.** Alternatively, install the Health Care Cost Adjustment utility and launch it. All those employees assigned to the earnings type you created filter into a grid where you can enter a dollar amount per employee per date. Therefore, you can enter the costs as you go along for the year or enter one cost at year end. The W2 will collect all entries for the reporting year to print in Box 12. Each entry will show as a “rate history adjustment” on the employee's Earnings Type tab as the amount is actually being stored as a “rate.”

### Payroll Instructions:

1. Create a new earnings type called “HEALTHCOST” for example. You can choose your own code and description if you like.
2. Pay Method = Fixed amount
3. Pay Type = Non-taxable benefit
4. Rate = blank
5. Active = yes, it must be active at the Earnings Definition level in order to assign it employees.
6. Enter a GL account for “other payroll expenses.” Screen requires it, but nothing will post here.
7. Do not fill in any more fields on the earnings type screen.



8. Assign this new earnings type to all employees with a group health care benefit, make it **inactive** on the employee level.
9. Enter the **cost as the rate** here on this screen now and you will not need to use the utility below. Enter one per year, or one per timeframe of your choice. All will total on the W2 for the tax year. The History on the right shows what you have already entered.
10. When printing the W2, select IRS code "DD" from the drop down, E for Earnings type, and then right click and find the earnings type code that you created.

#### **Health Care Cost Utility instructions:**

1. Install Utility in BAS by choosing Utilities on the top menu. Select the New button on the right, enter a description of "Healthcare Cost Adjustment", then use the browse button to find the same named .app in the Utilities folder under your installation of BAS. If you need help or are using Growpoint, contact [support@advgrower.com](mailto:support@advgrower.com) for help in installing the Utility.
2. Launch the application by going to the same Utilities menu in BAS, choosing the utility from the list and selecting "Run" on the right.
3. Enter or select the earnings code you created above. If it does not show your new earnings type that indicates that you did not make it a non-taxable benefit or if your employee does not show after you've assigned the earnings to him then you did not make it "inactive". Enter the effective date you desire. You may enter as many entries as you like for the year, it will add them up by the year for tax reporting on the W2. Therefore, you could enter one per pay period, one per year, or any frequency that makes sense to you. If you make a mistake, you can add another to increase the amount or a negative record to decrease it.
4. The "Balance" field shows only the YTD amounts for the year of the Effective Date entered. If you would like to see a prior year's amounts, then enter an Effective Date for that year for 12/31/XX. The Balance will only be YTD for the date entered. If it is November, and you want to see YTD as of June 30<sup>th</sup>, then enter 6/30/XX and it will only show up through June 30<sup>th</sup>.
5. You can view the amounts entered on the Employee's master record on the Earnings Type tab. If you select the HEALTHCOST earnings, the History on the right hand side of the screen shows each of your entries as a "rate" however, the system sees them as "amounts" to total on the W2. The grid also allows you to Print the data.

