**Health Savings Accounts (HSAs)**
Employers are required to report two types of contributions to HSAs on Form W-2:

1. Employer HSA contributions [includes contributions embedded in the HealthFlex H1500 and H2000 plan designs, i.e., HealthFlex high-deductible health plans (HDHPs)]
2. Employee contributions: any pre-tax HSA contributions deducted from the employee’s salary using a section 125 (cafeteria) plan

**Form W-2 Reporting:** Report in Box 12—use code W “Employer contributions.”
HSA contributions are not taxable income, but must be reported.

**Flexible Spending Accounts (FSAs)**
Dependent care FSAs (also called “dependent care accounts” or DCAs)—must be reported.

**Form W-2 Reporting:** Report the amount of salary-reduction contributions elected by the employee** in Box 10 “Dependent Care Benefits.”

**Note:** Cafeteria plan health care FSAs (also called “medical reimbursement accounts” or MRAs) are not taxable income and are not reported on the employee’s IRS Form W-2.

Please note that the amount in Box 1 (“Wages, Tips and Other Compensation”) will be less than it otherwise would be, since the employee is receiving less compensation as a result of the salary reductions for health care and dependent care FSAs.

**Health Reimbursement Accounts (HRAs)—No W-2 Reporting Requirements**
HRAs are funded solely by the plan sponsor; employees may not make contributions to their HRA. Contributions to an HRA are not included in the employee’s income and are not reported on the IRS Form W-2. Employees do not pay federal income taxes or employment taxes on the contributions made to their HRA.

**Affordable Care Act: Health Care Cost W-2 Reporting—No Reporting Required During Transition Relief**
Starting with the tax year 2011, the Affordable Care Act required employers to report the aggregate cost of coverage under an employer-sponsored group health plan on Form W-2. For church plans, however, there was and continues to be transition relief from the requirement to report the value of coverage. Thus, employers that participate in HealthFlex do not have to report the cost of coverage on the W-2 at this time.

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