

## Mid-Year Standard Mileage Rate Changes

The IRS published the following rate changes for the remainder of the 2011 tax year:

Type of Limitation	January 1 – June 30, 2011	July 1 – December 31, 2011
Mileage for medical care	19 cents/mile	23.5 cents/mile
Business mileage	51 cents/mile	55.5 cents/mile
Moving	19 cents/mile	23.5 cents/mile

Travel in 2011 for medical care before July 1 is reimbursable at \$.19 per mile, while travel for care provided on or after July 1, 2011 is reimbursable at \$.235 per mile. This change in IRS mileage rates does not qualify as a status change under the regulations and therefore does not allow participants to change their FSA election.

This change was made "...to better reflect the recent increase in gas prices," said IRS commissioner Doug Shulman. IRS [Announcement 2011-40](#) contains the full text of this change.

## 2012 HSA Contribution Inflation Adjustment

[Revenue procedure 2011-32](#) provides the 2012 inflation adjusted amounts for Health Savings Accounts (HSAs).

**Annual contribution limitation.** For calendar year 2012, the annual limitation on deductions for an individual with self-only coverage under a high deductible health plan is \$3,100, \$6,250 for an individual with family coverage.

**High deductible health plan.** For calendar year 2012, a "high deductible health plan" is defined as a health plan with an annual deductible that is not less than \$1,200 (no change from calendar year 2011) for self-only coverage or \$2,400 (no change from calendar year 2011) for family coverage, and the annual out-of-pocket expenses (deductibles, co-payments, and other amounts, but not premiums) do not exceed \$6,050 for self-only coverage or \$12,100 for family coverage.

7 a.m. – 5 p.m.

Monday – Friday

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## W-2 Reporting Change Clarified

The Affordable Care Act (ACA), part of health care reform law, originally required W-2 reporting of employer-sponsored health coverage for the 2011 tax year. Subsequently, the IRS issued Notice 2010-69 delaying the enforcement requirement until the 2012 tax year. Further clarification has now been provided in [Notice 2011-28](#), with key points summarized as follows:

**Deadline Clarification** – Employers are not required to report the cost of health coverage prior to January 2013. Thus, if an employee terminates in 2012 and requests the issuance of a W-2 prior to January 31, 2013, it need not contain the required information in Box 12.

**Non-Employee Benefits** – If an individual receives health benefits but has no wages (possibly a retiree or COBRA Qualified Beneficiary), the employer is not obligated to provide a W-2 simply for health coverage reporting purposes.

**Relief for Small Employers** – Small employers, those required to file less than 250 W-2s in 2011, are relieved from reporting until the 2013 tax year.

**Coverage Exempt from Reporting** – Health FSAs, Health Reimbursement Arrangements (HRAs), stand-alone dental or vision coverage, HSAs, Long-term care, on-site medical clinics and church & governmental plans are exempt from this filing requirement.

The exemption for some coverage (e.g., FSAs and HRAs) relieves employers of the challenge of computing and reporting their value. Further guidance is still to come, including clarification on calculating the COBRA premium for self-insured plans.

Specifics for reporting cost is available in the [2011 W-2 instructions](#).

## Debit Card Interchange Fees

The Federal Reserve System, Board of Governors, is publishing a final rule implementing the debit card interchange fee provisions of section 920 of the Dodd-Frank Act. The effective date of the cap on interchange fees for debit card transactions is effective October 1, 2011. Application of this cap to interchange fees does not apply to "...certain reloadable, general-use prepaid cards not marketed or labeled as a gift card..." thus apparently exempting FSA, HRA and HSA debit cards from this provision. This is good news for the reloadable stored value cards utilized by FSA plans due to the potential impact on pass-through costs to the employers or participants.