

State Agencies and Higher Education Institutions

Reporting the Cost of Employer-Sponsored Health Care Coverage on IRS Form W-2

For Calendar Year 2025 (W-2s issued in January 2026)

State Agencies on HRMS – Enterprise Services produces the W-2s and addresses this reporting for state agencies. Payroll offices need to be aware of the reporting requirements in the event manual adjustments are required for an employee’s year-to-date balance.

Federal Requirement for Reporting on W-2’s

Federal law requires reporting of employer-sponsored medical, dental, and vision costs on employee W-2 Forms. (HCA relied on IRS instructions from Form W-2 (Cat. No. 25979S) and Interim Relief Instruction Notice 2011-28 in preparing these instructions and examples.)

Employers are required to determine and report three numbers:

1. Employee contributions toward medical, dental, and vision insurance premiums.
2. The cost of employer-sponsored medical, dental, and vision care.
3. The cost of employer contributions and optional employee contributions through payroll deduction to a Health Savings Account (HSA) (if employee is enrolled in a CDHP).

Numbers Provided by the PEBB Program

The PEBB Program, as the plan administrator, is providing applicable rates for employers to carry-out their reporting responsibility. See the attached table entitled “Employer Reporting for the Cost of Employer-Sponsored Health Coverage on IRS Form W-2.”

Calculating Numbers for W-2 Reporting

1. **Employee Contribution** – Calculating and reporting the employee contribution for medical, dental, and vision insurance premiums:
 - a. Identify the employee’s tier (i.e., subscriber only, subscriber and spouse, subscriber and child(ren), or full family).
 - b. Identify employee’s medical, dental, and vision plans.
 - c. Identify employee’s pre-tax deductions.
 - d. Identify employee’s applied premium surcharges for tobacco use and spouse or state-registered domestic partner, if applicable.
 - e. Sum the pre-tax “**Employee Contribution**” for medical and report in box 14 of the W-2.
 - If the employee waived medical, report zero.
 - Consider each month separately to account for any mid-year changes in tier, plan, or premium surcharges. Then calculate the total for the tax year.

2. **Employer Contribution** – Calculating and reporting the cost of employer-sponsored medical, dental, and vision care:
 - a. Identify the employee’s tier (i.e., subscriber only, subscriber and spouse, subscriber and child(ren), or full family).
 - b. Identify the employee’s medical, dental, and vision plans.
 - c. Sum the “**Cost of Employer-Sponsored Medical Care**”, “**Dental Care**”, and “**Vision Care**” and report in box 12 of the W-2 using code DD.
 - If the employee waived medical, report dental and vision.
 - Consider each month separately to account for any mid-year changes in tier or plan. Then calculate the total for the tax year.
 - Include the cost of any non-tax qualified dependents medical insurance and state-registered domestic partner premium surcharges as part of the aggregate cost of health insurance. Report as defined in the guidance provided in the Tax Issues for Non-Qualified Tax dependents on the Rates page of the [Benefit Administrator](#) website.
3. **Health Savings Account** – Calculating and reporting the Health Savings Account (HSA) contribution of the employer and the employee:
 - a. Sum the “**Cost of Employer-Paid Health Savings Account**” plus any optional payroll deductions toward the HSA made by the employee plus the \$125 wellness incentive, if the employee received the incentive for 2025, and include in box 12 using code W.
 - Include both pre- and post-tax employee discretionary payroll deductions to the HSA.

Examples of Calculating and Reporting Employer-Sponsored Health Care Cost

Examples of calculating the employer-sponsored health care cost (#2 above) and cost of employer-paid and employer contributions to an HSA through payroll deduction (#3 above)

Example A – (see guidance letters A, A1, and A2 on the rate chart):

Single employee (subscriber) enrolled in Kaiser WA Value for medical, Uniform Dental Plan for dental, and Davis Vision for vision and incurring the tobacco use premium surcharge.

Kaiser WA Value	\$ 883.28	(see A on rates chart)
Uniform Dental Plan	+ \$ 52.23	(see A1 on rates chart)
Davis Vision	+ \$ 5.02	(see A2 on rates chart)
Tobacco Use Premium Surcharge	+ \$ 25.00	
Total cost of health care per month	\$ 965.53	

Multiply total cost of health care per month by the number of months the employee was enrolled in the plans for that tax year. Report the total in box 12 on the W-2 form using code DD.

Example B – (see guidance letters B, B1, B2 and B3 on the rate chart):

Married employee and spouse (subscriber and spouse) are enrolled in UMP CDHP with HSA for medical, DeltaCare for dental, and MetLife for vision. In addition, the employee earned the wellness incentive for 2025.

UMP CDHP with HSA	\$ 1,624.98	(see B on rates chart)
DeltaCare	+ \$ 83.00	(see B1 on rates chart)
MetLife vision	+ \$ <u>16.60</u>	(see B3 on rates chart)
Total cost of health care per month	\$ 1,724.58	
Employer Contribution for HSA	\$ 118.02	(see B2 on rates chart)
Optional HSA Employee Contribution through payroll deduction	+ \$ <u>xx.xx</u>	
Wellness Incentive (if earned for 2025)	+ \$ <u>125.00</u> *	
Total HSA contribution per month	Total	

Multiply total cost of health care per month by the number of months the employee was enrolled in the plans for that tax year. Report the total health care in box 12 on the W-2 form using code DD.

Multiply total HSA contribution per month by the number of months the contributions were made to the HSA for that tax year, then add the \$125 wellness incentive* if the employee earned it. Report the total HSA contribution in box 12 in the W-2 form using code W.

**The wellness incentive is a onetime deposit of \$125; do not multiply the \$125 by the number of months contributions were made.*

Example C – (see guidance letter C1 and C2 on the rate chart):

Married employee waived medical and enrolled full family in Uniform Dental Plan and Davis Vision plan only.

Uniform Dental Plan	+ \$ 156.69	(see C1 on rates chart)
Davis Vision	+ \$ <u>13.81</u>	(see C2 on rates chart)
Total cost of health care per month	\$ 170.50	

Multiply total cost of health care per month by the number of months the employee was enrolled in the plans for that tax year. Report the total in box 12 on the W-2 form using code DD.

Example D – Employee is not eligible for insurance.

Not eligible for benefits	\$ 0.00	(Nothing to report on W-2)
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Washington State Health Care Authority
2025 PEBA Rate Book

Employer Reporting for the Cost of Employer Sponsored Health Coverage On IRS Form W-2

	State Active Medical per Month excluding \$25 Tobacco Use and \$50 Spouse Waiver (AV) Surcharge											
	Subscriber			Subscriber and Spouse			Subscriber and Child(ren)			Full Family		
	Employee Contribution	Cost of Employer-Sponsored Medical Care	Cost of Employer Paid Health Savings Account	Employee Contribution	Cost of Employer-Sponsored Medical Care	Cost of Employer Paid Health Savings Account	Employee Contribution	Cost of Employer-Sponsored Medical Care	Cost of Employer Paid Health Savings Account	Employee Contribution	Cost of Employer-Sponsored Medical Care	Cost of Employer Paid Health Savings Account
Kaiser Permanente NW Classic	\$189.00	\$953.54		\$378.00	\$1,901.37		\$331.00	\$1,664.41		\$520.00	\$2,612.24	
Kaiser Permanente NW CDHP	\$37.00	\$806.85	\$59.69	\$74.00	\$1,606.62	\$118.02	\$65.00	\$1,421.26	\$118.02	\$102.00	\$2,162.71	\$118.02
Kaiser Permanente WA Classic	\$128.00	\$893.00		\$256.00	\$1,780.28		\$224.00	\$1,558.46		\$352.00	\$2,445.75	
Kaiser Permanente WA Value	\$119.00	\$883.28		\$238.00	\$1,760.84		\$208.00	\$1,541.45		\$327.00	\$2,419.02	
Kaiser Permanente WA SoundChoice	\$73.00	\$837.37		\$146.00	\$1,669.03		\$128.00	\$1,461.11		\$201.00	\$2,292.77	
Kaiser Permanente WA CDHP	\$25.00	\$794.98	\$59.69	\$50.00	\$1,582.88	\$118.02	\$44.00	\$1,400.49	\$118.02	\$69.00	\$2,130.06	\$118.02
Uniform Medical Plan Classic	\$133.00	\$898.12		\$266.00	\$1,790.53		\$233.00	\$1,567.43		\$366.00	\$2,459.84	
Uniform Medical Plan Plus - PSHVN	\$158.00	\$922.97		\$316.00	\$1,840.23		\$277.00	\$1,610.92		\$435.00	\$2,528.18	
Uniform Medical Plan Plus - UW	\$158.00	\$922.97		\$316.00	\$1,840.23		\$277.00	\$1,610.92		\$435.00	\$2,528.18	
Uniform Medical Plan CDHP	\$46.00	\$816.03	\$59.69	\$92.00	\$1,624.98	\$118.02	\$81.00	\$1,437.33	\$118.02	\$127.00	\$2,187.95	\$118.02
Uniform Medical Plan Select	\$83.00	\$847.52		\$166.00	\$1,689.33		\$145.00	\$1,478.88		\$228.00	\$2,320.69	

Surcharges	
Tobacco Use Surcharge	\$ 25
Spouse Waiver (AV) Surcharge	\$ -

\$ 25
\$ 50

\$ 25
\$ -

\$ 25
\$ 50

	State Active Dental per Month											
	Subscriber			Subscriber and Spouse			Subscriber and Child(ren)			Full Family		
	Employee Contribution	Cost of Employer-Sponsored Dental Care		Employee Contribution	Cost of Employer-Sponsored Dental Care		Employee Contribution	Cost of Employer-Sponsored Dental Care		Employee Contribution	Cost of Employer-Sponsored Dental Care	
Willamette Dental Plan 3	\$-	\$48.87		\$-	\$97.74		\$-	\$97.74		\$-	\$146.61	
DeltaCare Plan 4	\$-	\$41.50		\$-	\$83.00		\$-	\$83.00		\$-	\$124.50	
Uniform Dental Plan Plan 1	\$-	\$52.23		\$-	\$104.46		\$-	\$104.46		\$-	\$156.69	

	State Active Vision per Month											
	Subscriber			Subscriber and Spouse			Subscriber and Child(ren)			Full Family		
	Employee Contribution	Cost of Employer-Sponsored Vision Care		Employee Contribution	Cost of Employer-Sponsored Vision Care		Employee Contribution	Cost of Employer-Sponsored Vision Care		Employee Contribution	Cost of Employer-Sponsored Vision Care	
EyeMed Vision	\$-	\$6.57		\$-	\$13.14		\$-	\$11.50		\$-	\$18.07	
Metlife Vision	\$-	\$8.30		\$-	\$16.60		\$-	\$14.53		\$-	\$22.83	
Davis Vision	\$-	\$5.02		\$-	\$10.04		\$-	\$8.79		\$-	\$13.81	

Note:
The term "health coverage" includes medical, dental, and vision coverage.