

Working with Health Care Deduction Codes

Employers that filed 250 or more W-2's in the prior year are required to report the total cost (employer cost + employee cost) of all applicable employer-sponsored health care plans. These costs are now required to display on the employee's Form W-2 in Box 12 Code DD. If you currently cover any employee health care costs, this change will apply to you.

Paycor has created employer premium codes that can be linked to the global employee deduction codes (H125, H125DD, HEAL) that are already set up for the employee. These codes will not affect the net pay of an employee's check, but will show the total premium on their Form W-2 and will be available for reporting.

How to know if a deduction is the employee or employer code?

Paycor recommends that your employee and employer premium codes have the same naming standard and "ER" is added to the end of the employer code. Example: If the Employee Code is 'H125', then the Employer Code could be 'H125ER'.

*For absolute certainty – Look at Global Settings > **Effect on Employee:**

- Increase = Employee portion of the health care deduction code
 - Increases the deduction taken from employee's check
- No Effect = Employer portion of the health care deduction code
 - Does not take any extra from an employee's check, because the employee's company is paying this portion.

In this Job Aid

Working with Health Care Deduction Codes	1
Setting Up Employer Premium Codes (for already setup employee codes)	2
Step 1: Set Up the Employer Premium Code.	2
Step 2: Update the Employer Premium Code.....	4
Step 3: Add the Employer Premium Code to your employees.....	5
Adding a new Health Care Policy to your Company and Employees.	7
Step 1: Add the new Health Care Deduction Code.	7
Step 2: Add the Deduction Codes to your employees.	10
Viewing and Editing Health Care Deductions already assigned to an Employee.....	12
Health Care FAQs [Frequently Asked Questions].....	13

Setting Up Employer Premium Codes (for already setup employee codes)

If as an employer your company pays any portion of an employee's health care premium, then those costs must be reported on an employee's W2. You may have already set up employee health care deduction codes for your employees, but now you must add employer codes in order to report them.

Follow these steps to set up your new Health Care Policy:

- Step 1: Set Up the Employer Premium Code.
- Step 2: Update the Employer Premium Code.
- Step 3: Add the Employer Premium Code to your employees.

Step 1: Set Up the Employer Premium Code.

Follow the steps below to do this task for existing ER Codes:

- 1 Navigate to the **Configure Company** area within Perform.
- 2 Using the left navigation menu, select **Payroll>Deductions**.
- 3 Select the employee health care deduction code for which you need to setup an employer premium code.
- 4 Open the **Advanced Settings** drawer.
- 5 Change the **Employer Premium** dropdown to 'Yes'
- 6 Change the **Appear On W2 Box 12DD** to reflect whichever year for which you need to begin reporting.

Note: This will require a full year adjustment if your company is just now setting this up to report on your 2012 W2s.

- 7 Click  Save.
The new Employer Deduction will be added to the deduction list, and will be shown as a **Linked Health Deduction**.

Screenshots are available on the next page.

Configure Company | **Deductions** | 126808 - Perform Design LTD | + Add Deduction

2 Deductions

3 Heal
Health Insurance - Taxable

4 **Advanced Settings**

5 Employer Premium: Yes

6 Appear on W2 Box 12DD: Yes, Begin 2013

7 Save

Details | Limits | Global

Calculate | Delete

Code *
Heal

Description *
Health Insurance - Taxable

Amount: \$0.0000 | Rate: 0.0000%

Frequency: Every pay period

Equation: (RATE * TOTEARN)+ AMT | Factor: 0.000000

Include In: All Pay | Check Stub: Always print YTD

Short Fall Type: Current | Short Fall Priority: 30

Sequence: 1 | Appear on W2 Box 14: No

Effective Date: 03/15/2017

Linked Health Deduction: HealER1 - Health Insurance - TaxableER1

Track Arrears: No

Step 2: Update the Employer Premium Code.

- 1 Select the new health care deduction premium code.
- 2 You may change the Code and Description of the employer premium code.
Note: If you are following Paycor's Employer Code naming suggestions, the Employer Premium code will have the letters 'ER' at the end of the code.
- 3 Enter an **Amount** for the employer premium deduction. (This will be applied to all employees with this code)
- 4 Verify the **Frequency** of the employer premium deduction.
- 5 Verify if you want the employer premium amount to print on the employee's **check stub**.
 - Always print YTD
 - Do not print
 - Print when paid
- 6 Verify the year that the employer premium amount should **appear on the W2 Box 12DD**.
- 7 Click .

The screenshot shows the 'Deductions' configuration page for '126808 - Perform Design LTD'. The selected deduction is 'HealER1 - Health Insurance - TaxableER1'. The configuration fields are as follows:

- Code:** HealER1 (2)
- Description:** Health Insurance - TaxableER1
- Amount:** \$0.0000 (3)
- Rate:** 0.0000%
- Frequency:** Every pay period (4)
- Advanced Settings:**
 - Equation:** AMT
 - Factor:** 0.000000
 - Include In:** Regular only
 - Check Stub:** Do not print (5)
 - Short Fall Type:** Current
 - Short Fall Priority:** 30
 - Sequence:** 2
 - Appear on W2 Box 14:** No
 - Effective Date:** 03/17/2017
 - Linked Health Deduction:** Heal - Health Insurance - Taxable
 - Appear on W2 Box 12DD:** Yes, begin 2016 (6)

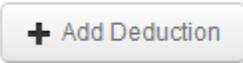
At the bottom right, there are 'Cancel' and 'Save' buttons (7).

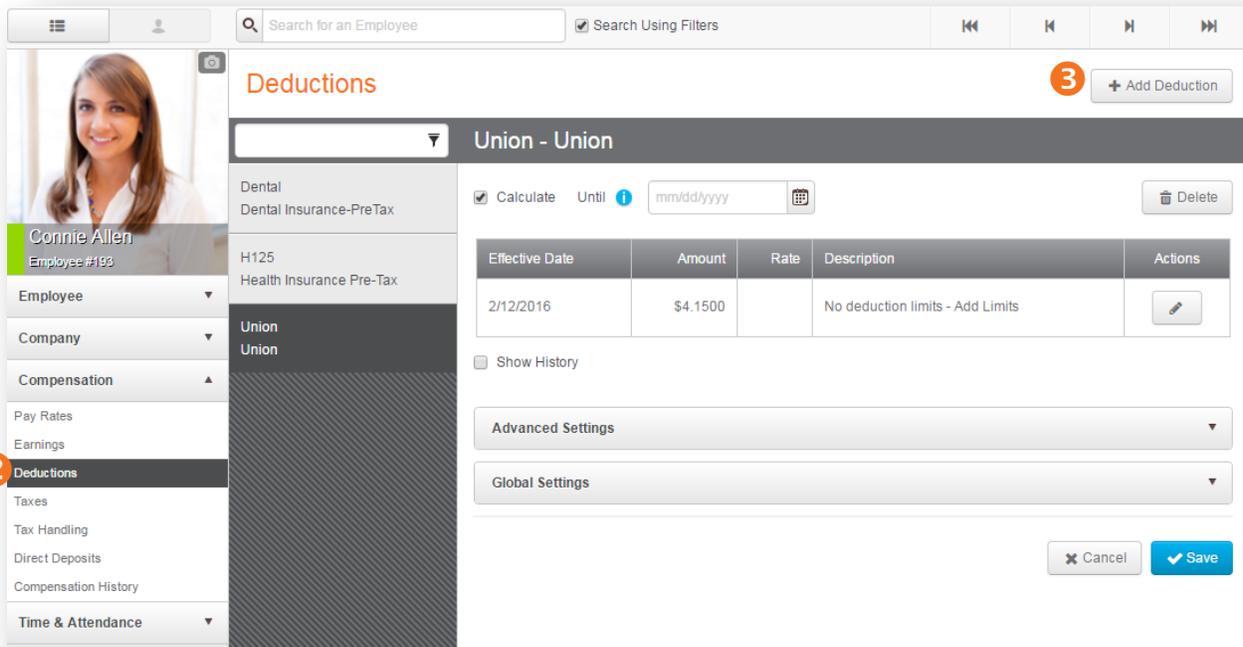
Step 3: Add the Employer Premium Code to your employees.

If the employee health care deduction code was already added to an employee, you must manually add the employer premium code. In this case, the newly setup employer code is not automatically added to the employees with the already existing employee code.

Note: It is necessary to first add a deduction code at the company level in order to later use that deduction code for an employee. If you are following Paycor's Employer Code naming suggestions, the Employer Premium code will have the letters 'ER' at the end of the code.

Follow these steps when adding a health care deduction code:

- 1 In the **Manage Employees** area of Paycor Perform, click on the employee's name.
- 2 Using the left navigation menu, open **Compensation**. Then click on **Deductions**.
- 3 Click the  button. The Add Deduction pop-up will display.
- 4 Mark the checkbox next to the appropriate employer health care deduction code. Click .
- 5 The system will display the deduction code and its details. Make any necessary changes for this individual employee.
- 6 Click .



Add Deduction

Client Deduction

Selected Deductions
HealER1 - Health Insurance - TaxableER1

- 401k - 401(k) Deduction
- 401K Mch - 401(k) Match Contrib Tiered
- Adv - Advance Deduction
- CS-Ohio - Child Support - Ohio
- Heal - Health Insurance - Taxable
- HealER1 - Health Insurance - TaxableER1
- Health - Health Insurance - Taxable
- OfficeSup - Office Supplies

4

Cancel Next

Add Deduction

HealER1
Health Insurance - TaxableER1

Details | Global

Deduction Effective Date * Calculate Until

Employee: Heal - Health Insurance - Taxable 5
Employer: HealER1 - Health Insurance - TaxableER1

Withholding Amount: \$0.0000
Withholding Rate: 0.0000%

Frequency *
Every pay period

Advanced Settings

Frequency *
Every pay period
Sequence Number: 1

Include In *
All Pay
Shortfall Priority *
30

How Assigned *
Scheduled
Shortfall Type
Current

Check Stub *
Always print YTD
Equation
(RATE * TOTEARN) + AMT

6

Back Cancel Complete

Adding a new Health Care Policy to your Company and Employees.

If you are adding a new health care policy and are creating a new deduction code, you must add the employee code to each employee.

Follow these steps to set up your new Health Care Policy:

- Step 1: Add the new Health Care Deduction Code.
- Step 2: Add the Deduction Code to your employees.

Step 1: Add the new Health Care Deduction Code.

Follow the steps below to select a deduction code:

- 1 From within the **Configure Company** area, select **Deductions**.
- 2 Click . The Add Deduction pop-up will display.
- 3 Use the search bar to locate the correct code.
- 4 The **Add Deduction** popup box will display. Configure the deduction settings.
 - Change the Code and Description of the employer premium code, if desired.
 - Select the **frequency** of the employer premium deduction.
- 5 Mark the checkbox under Employer Contribution if you wish to create an ER code.

Note: A pop up message may display if the checkbox for Employer Contribution is marked but the Amount field is left blank. For more information see <https://www.irs.gov/uac/employer-provided-health-coverage-informational-reporting-requirements-questions-and-answers>
- 6 Click .
The new Employer Deduction will be added to the deduction list, and will be shown as a **Linked Health Deduction**.
- 7 Select the new Linked Health Deduction and click the **Advanced Settings** arrow. Verify if you want the employer premium amount to print on the employee's check stub:
 - Always print YTD
 - Do not print
 - Print when paid
 - Employer Premium: Will change to 'Yes' if you select 'Yes' in step 5.
 - Appear On W2 Box 12DD: This will automatically default to appear on Box 12.
- 8 Click .

Screenshots are available on the next page

1 Deductions

2 + Add Deduction

3 OfficeSup - Office Supplies

Calculate

Delete

Details | Limits | Global

Code * OfficeSup Description * Office Supplies

Amount \$0.0000 Rate 0.0000%

Frequency Every pay period

Advanced Settings

Cancel Save

3 H1255 - Health Insurance - Pre tax

4 Code * H1255 Description * Health Insurance - PreTax

Amount \$0.0000 Rate 0.0000%

Frequency Every pay period

Limit Rules **1** Add Limit Rules

5 Create linked employer deduction: H1255ER

Amount \$0.0000 Frequency Every pay period

6 Cancel Save

Deductions

126808 - Perform Design LTD

HealER1 - Health Insurance - TaxableER1

Calculate Delete

Details | Limits | Global

Code * HealER1 Description * Health Insurance - TaxableER1

Amount \$0.0000 Rate 0.0000%

Frequency Every pay period

Advanced Settings

Equation AMT Factor 0.000000

Include In Regular only Check Stub Do not print

Short Fall Type Current Short Fall Priority 30

Sequence 2 Appear on W2 Box 14 No

Effective Date 03/17/2017

Appear on W2 Box 12DD Yes, begin 2016

Linked Health Deduction
Heal - Health Insurance - Taxable

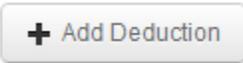
Cancel Save

Step 2: Add the Deduction Codes to your employees.

When adding an existing health care deduction code to an employee, the employer premium code will be automatically added as long as it has been linked in the Deductions section of Configure Company.

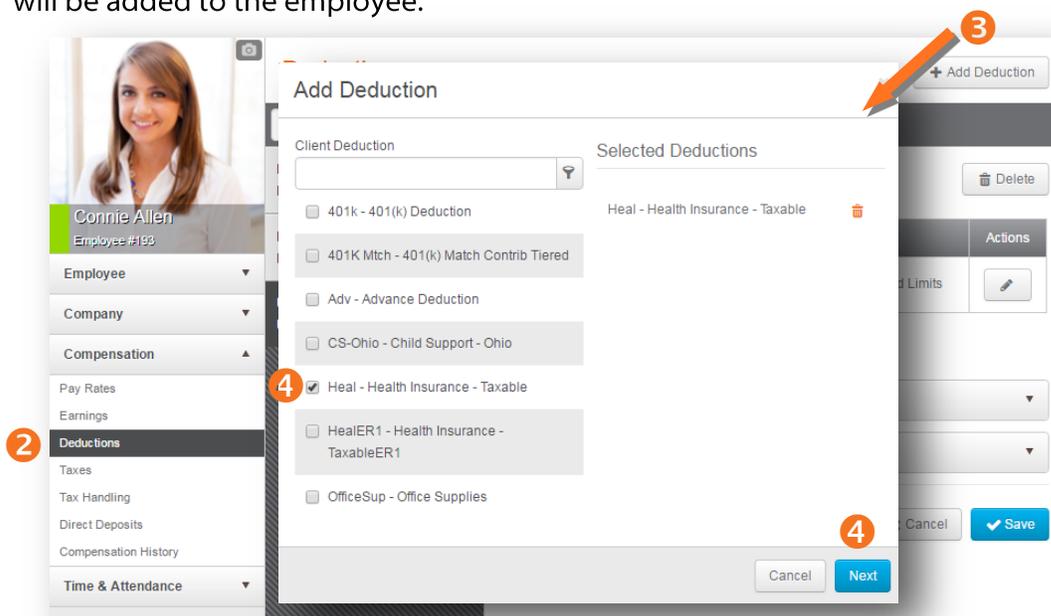
Note: It is necessary to first add a deduction code at the company level in order to later use that deduction code for an employee.

Follow these steps when adding a health care deduction code:

- 1 In the **Manage Employees** area of Paycor Perform, click on the employee's name.
- 2 Using the left navigation menu, open **Compensation**. Then click on **Deductions**.
- 3 Click the . The Add Deduction pop-up will display.
- 4 Mark the checkbox next to the appropriate health care deduction code.
Click .
- 5 The system will display the deduction code and its details. Make any necessary changes for this individual employee.

Note: If you are following Paycor's Employer Code naming suggestions, the Employer Premium code will have the letters 'ER' at the end of the code.

- 6 Click .
- 7 As long as the employee health care code is linked to an employer premium code, both will be added to the employee.



Screenshots are available on the next page.

Add Deduction

HealER1
Health Insurance - TaxableER1

Details | Global

Deduction Effective Date * *i*
01/01/2013

Calculate Until *i*
mm/dd/yyyy

Employee
Heal - Health Insurance - Taxable **5**

Employer
HealER1 - Health Insurance - TaxableER1

Withholding Amount
\$0.0000

Withholding Rate
0.0000%

Frequency *
Every pay period

Advanced Settings

Frequency *
Every pay period

Sequence Number
1

Include In *
All Pay

Shortfall Priority *
30

How Assigned *
Scheduled

Shortfall Type
Current

Check Stub *
Always print YTD

Equation
(RATE * TOTEARN) + AMT

Back Cancel **Complete** **6**

Deductions

+ Add Deduction

Heal - Health Insurance - Taxable

Calculate Until *i* mm/dd/yyyy *i* Delete

Effective Date	Amount	Rate	Description	Actions
3/17/2017			No deduction limits - Add Limits	<i>i</i>

Show History

Advanced Settings

Global Settings

Cancel Save

Connie Allen
Employee #193

- Employee
- Company
- Compensation
- Pay Rates
- Earnings
- Deductions**
- Taxes
- Tax Handling
- Direct Deposits
- Compensation History
- Time & Attendance

Dental
Dental Insurance-PreTax

H125
Health Insurance Pre-tax

**Heal
Health Insurance - Taxable** **7**

HealER1
Health Insurance - TaxableER1

Union
Union

Viewing and Editing Health Care Deductions already assigned to an Employee.

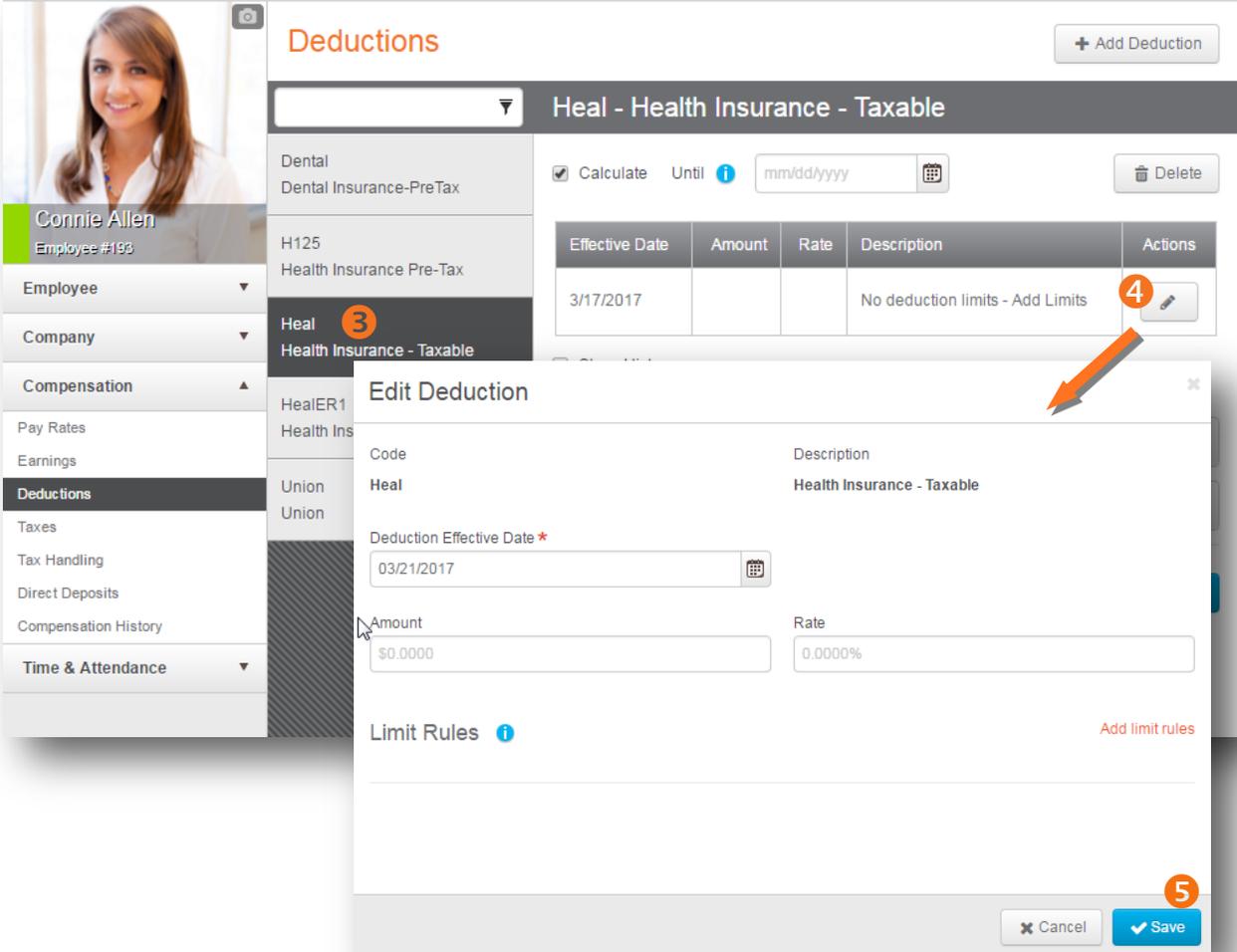
Once an employee is setup with health care deductions, all further updates regarding that health care premium must be made to an individual employee's profile.

Follow the steps below to edit a deduction for an employee:

- 1 In the **Manage Employees** area of Paycor Perform, click on the employee's name.
- 2 Using the left navigation menu, open **Compensation**. Then click on **Deductions**.
- 3 All deductions attached to this employee will be displayed. Highlight the appropriate health care deduction to display the deduction details.

Note: If you are following Paycor's Employer Code naming suggestions, the Employer Premium code will have the letters 'ER' at the end of the code.

- 4 Click the  button in the **Actions** column to make any necessary edits.
- 5 Click .



The screenshot displays the 'Deductions' page for employee Connie Allen. The left navigation menu is open, with 'Deductions' selected. The main content area shows a table of deductions for 'Heal - Health Insurance - Taxable'. The table has columns for Effective Date, Amount, Rate, Description, and Actions. The first row shows an effective date of 3/17/2017, a description of 'No deduction limits - Add Limits', and an edit icon in the Actions column. An 'Edit Deduction' modal window is open, showing the details for the selected deduction: Code 'Heal', Description 'Health Insurance - Taxable', Deduction Effective Date '03/21/2017', Amount '\$0.0000', and Rate '0.0000%'. The modal also includes a 'Limit Rules' section and 'Cancel' and 'Save' buttons.

Effective Date	Amount	Rate	Description	Actions
3/17/2017			No deduction limits - Add Limits	

Edit Deduction

Code: Heal Description: Health Insurance - Taxable

Deduction Effective Date: 03/21/2017

Amount: \$0.0000 Rate: 0.0000%

Limit Rules [Add limit rules](#)

Health Care FAQs [Frequently Asked Questions]

If my company pays the full amount of their employee's benefits how do we set up only the employer premium amount?

They must still have the EE deduction setup with a linked ER deduction. They would leave the EE portion blank, but add both deductions to the EE's

How does a client enter balances if they are just now setting up the employer premium and must report for 2012?

This can be done through a one-time change in the paygrid or Paycor can do an adjustment for them.

If the deduction rate is updated on Configure Company, then overridden for an employee on their Employee profile View Employees, then the deduction rate is changed again on the company level within Configure Company, will that override the previously overridden rate?

No, if an employee record is ever edited/overridden the company level changes will not override the employee level again.