

MILFORD SCHOOL DISTRICT

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April 19, 2017

Good Morning:

I hope this finds you looking forward to being able to get outside and beginning to enjoy the many opportunities that our April vacation will bring. I do know that you are very busy and that you are looking forward to Friday and next week but I hope that you will take a few moments to read this letter as it contains some very important information that you need to be aware of if **you or your spouse participate in the *Good For You!* wellness program through our health insurance provider.**

Recently SCHOOLCARE provided guidance to us regarding the taxation of wellness benefits. They explained the IRS recently issued a **tax memorandum stating that all cash wellness incentives and rewards are treated as taxable income and are payments of wages subject to employment taxes.** This means that cash wellness incentives **must be reported on a Form W-2** by the District.

As you know the ***Good For You!*** wellness program provides you and your spouse with quarterly cash incentives - which may be as high as \$800 for you and \$400 for your spouse each plan year. **So, if you and/or your spouse participate in the program you can expect any incentives paid to you or your spouse, beginning the calendar year 2017, will be treated as taxable wage income.**

➤ In anticipation of some questions you may have....

What does this mean for me?

If you and/or your covered spouse received an incentive check from SCHOOLCARE in January 2017, the total amount received by you and/or your spouse will be included as taxable income and wages, subject to applicable federal income and employment tax withholdings, in your paycheck dated May 11, 2017.

The next incentive checks are scheduled to be paid out by SCHOOLCARE at the end of April. However, SCHOOLCARE will not be issuing the payment. Instead, the Milford School District will be taking over the disbursement of incentives. Any amounts due to you and/or your covered spouses for incentives earned January 1 through March 31, 2017 will be included as taxable income and wages for the employee (subscriber), subject to applicable federal income and employment tax withholdings, in your paycheck dated May 25, 2017.

Going forward, incentive payments will be processed through the District's payroll as outlined above.

Is my health information still confidential?

Absolutely! Your Personal Health Information (PHI) is 100% confidential. SCHOOLCARE and their wellness vendor, Viverae, adhere to Health Insurance Portability and Accountability (HIPAA) standards. They do not share PHI with anyone, including your employer.

Why should I continue to participate in the Good For You! Wellness programs?

For many reasons you should still choose to participate in Wellness programs. They do support your efforts to live a healthy lifestyle and they will still put money back in your pocket (albeit subject to tax). Also, please remember that preventive care coupled with awareness, education and physical activity helps to keep claims expenses down resulting in lower health care costs for both you and the District.

Thank you for taking the time to read this. I hope that the information - while being somewhat “irksome” - is not too confusing. Please be sure to share this information with your covered spouse, if applicable, as well. Should you have any questions, however, please don’t hesitate to contact [Barbara Richardson](#) or [Linda Gadbois](#).

Have a wonderful, safe and healthy Spring break.

Sincerely:

Bob Marquis

Bob Marquis
Superintendent of Schools