

STEAMFITTERS' INDUSTRY WELFARE FUND

To: All Contributing Employers

Date: November 23, 2015

Re: Affordable Care Act's Requirements Applicable to Large Contributing Employers

[This notice is being issued for informational purposes. If you have any specific questions you should consult your firm's accountants, payroll service providers, attorneys or benefit consultants.]

The Affordable Care Act (ACA) created IRC Section 4980H, which requires large employers with more than 50 full-time employees, or equivalents, to provide health coverage under certain conditions or face a financial penalty. Regulations implementing the ACA state that a contributing employer to a multiemployer plan will be treated as having met its obligations to offer health coverage with respect to a full-time employee if the employer is required by a collective bargaining agreement (or appropriate related participation agreement) to contribute on behalf of that employee to a multiemployer plan that provides coverage to individuals who satisfy the plan's eligibility conditions, meeting the affordability and minimum value requirements and that offers coverage to those individuals' dependents.

The Internal Revenue Service (IRS) is implementing two different sets of detailed notice and reporting requirements that will help to enforce the employer requirements. One set of rules (IRC Section 6055) applies to health plans that provide minimum essential coverage, including self-insured multiemployer plans and insurance carriers. The other set (IRC Section 6056) applies to large employers (i.e., those with at least 50 full-time employees, including full-time equivalents).

Plan Reporting: The Fund Office will prepare and report plan participant information on Form 1095-B and Form 1094-B for Plan participants (and any covered dependents) who were enrolled in and receiving self-insured coverage under the Plan during 2015 in



accordance with IRC Section 6055. Health plans, including the Fund, must furnish a copy of the Form 1095-B to participants no later than February 1, 2016, and file a form 1094-B and the Form 1095-B with the IRS by February 29, 2016, or March 31, 2016, if filing electronically.

Large Employer Reporting: Under IRC Section 6056, large employers must furnish a copy of the Form 1095-C to full-time employees no later than February 1, 2016. In addition, they must file the Forms 1094-C and 1095-C with the IRS by February 29, 2016, or March 31, 2016, if filing electronically. The Plan cannot and will not file any Form 1095-C or Form 1094-Cs on behalf of any large contributing employer. As such, any and all large contributing employers (those with more than 50 or more full-time employees (including equivalents)) are responsible for satisfying these reporting obligations for all of their full-time employees. Large contributing employers will need to determine which months during the year an individual worked full-time for that employer, and prepare a Form 1095-C to be sent to those individuals. The contributing employer uses records for itself and its controlled group members - it does not have to determine whether an employee worked for any other employers in the industry.

Draft instructions published in August 2015 provide additional guidance on how contributing employers would prepare the Form 1095-C for full-time employees for whom they contribute to a multiemployer plan.¹ Previously, the IRS had informally stated that multiemployer plans would be required to provide information to contributing employers concerning whether each participant had become eligible/enrolled in the fund. For 2015, the IRS has revised these instructions.

For reporting offers of coverage for 2015, an employer relying on the multiemployer arrangement interim guidance should enter code 1H on line 14 for any month for which the employer enters code 2E on line 16 (indicating that the employer was required to contribute to a multiemployer plan on behalf of the employee for that month and therefore is eligible for multiemployer interim rule relief). For reporting for 2015, Code 1H may be entered without regard to whether the employee was eligible to enroll in coverage under the multiemployer plan. For 2016 and future years, reporting for offers of coverage made through a multiemployer plan may be reported in a different manner.

The following information will assist contributing employers to understand the Fund's rules under the ACA and IRC Section 4980H. In addition, this will assist employers to complete reporting required to be submitted by large (50 or more full-time employees or equivalents) employers under IRC Section 6056. Specifically, the following information will assist a large contributing employer as it completes Form 1095-C for each of its full-time employees for whom the employer is required to contribute to the Fund.

1. MINIMUM ESSENTIAL COVERAGE

The Fund provides minimum essential coverage, as defined in the ACA.

2. MINIMUM VALUE

¹ <http://www.irs.gov/pub/irs-dft/i109495c--dft.pdf>

The health benefits offered by the Fund meet the 60 percent minimum value standard.

3. DEPENDENT COVERAGE

The Fund offers coverage to eligible participants and to the following dependents:

- Spouses
- Sons/daughters and adopted children (including those placed for adoption with a participant). These dependents are eligible for coverage through the end of the month in which they turn age 26.
- Other dependents as described in the Fund's Summary Plan Description (as amended from time to time).

4. PREMIUMS/AFFORDABILITY

Participants do not pay premiums to the Fund for self-only coverage. Because this amount is less than \$92.39 per month, the coverage is deemed affordable under the ACA.

5. COMPLETING THE FORM 1095-C

The contributing employer should identify which of its employees are full-time. If the employer contributed to this plan, the coverage was minimum value, affordable, and provided to dependents until the end of the month in which they turn 26. Therefore, the employer may utilize code 2E on Line 16 of the Form 1095-C. For any month in which the employer uses code 2E on Line 16, they should enter code 1H on Line 14, without regard to whether the employee was eligible to enroll in coverage under the multiemployer plan. **Contributing employers should consult with their tax preparers on their specific circumstances and on how to complete these forms.**

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