



**Welfare Fund  
of Local No. One, I.A.T.S.E.**

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September 11, 2015

To: Contributing Employers

Re: The Welfare Fund of Local No. One, I.A.T.S.E. (the “Plan” or “Fund”)  
Affordable Care Act Employer Reporting Requirements

Dear Contributing Employer:

We are writing regarding the employer reporting requirements under the Affordable Care Act (“ACA”), which may apply to you.

As you may be aware, beginning in 2016, the ACA requires “applicable large employers” (“ALEs”) to report to the Internal Revenue Service (the “IRS”) and to furnish full-time employees certain information regarding the health coverage that was offered to such employees in the prior year (i.e., the 2016 reports relate to health coverage offered for 2015). This reporting assists the IRS in determining: (i) whether the employer owes a “shared responsibility” penalty under the ACA, and (ii) whether employees and their dependents are eligible for premium tax credits if they purchase coverage through the ACA Marketplace (also known as the Exchange).

The applicable IRS forms must be furnished to full-time employees by February 1, 2016<sup>1</sup> and must be filed with the IRS by February 29, 2016 (or March 31, 2016 if filed electronically). Multiemployer plans like the Fund also have a separate reporting obligation with respect to participants covered by “self-insured” multiemployer plans, on IRS Forms 1094-B and 1095-B.

ALEs are generally employers with at least 50 “full-time employees” or full-time equivalents as defined under the ACA. You may wish to consult with your tax advisor to determine whether or not you are an ALE and on the definition of full-time employees for this purpose, as the rules are complex, and the Fund cannot make these determinations for you. If you are an ALE, you will need month-by-month eligibility and coverage information on individuals who were your full-time employees for any month in 2015.

Completing the required forms could be a complicated task for ALEs, particularly since some of the required information may not be in their possession, and will require guidance from legal and financial advisors. To assist ALEs who contribute to the Fund, we are providing the following information, which may be necessary in completing the forms required by the IRS:

1. **Offer of Coverage:** The Fund offers health coverage to eligible **participants, their spouses and their children** through the end of the calendar year in which the children reach age 26.

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<sup>1</sup> The deadline is January 31, 2016, but since that date falls on a Sunday, the deadline is February 1, 2016.

2. **Minimum Essential Coverage and Minimum Value:** The Fund’s coverage meets minimum value standards. In general, coverage is considered to be of “minimum value” under the ACA if a plan provides benefits that cover at least 60% of eligible expenses. The Fund’s consultants have advised that all of the Plan’s medical plan choices, Tiers I, II and III, exceed the ACA minimum value standard.
3. **Affordability:** It is our understanding that the ACA determines affordability based on the lowest cost option for single coverage available under the Fund (which is Tier I single coverage), and that a “poverty line safe harbor” may be used to determine affordability. The federal poverty line safe harbor generally treats coverage as “affordable” under the ACA if the employee contribution for the year does not exceed 9.5% of the federal poverty line for a single individual for the applicable calendar year. Based on the premium for Tier 1 single coverage (currently \$138 per quarter increasing to \$238 per quarter effective January 1, 2016), the Fund believes that the federal poverty line safe harbor for affordability is satisfied. *Please note that this determination only applies to coverage through June 30, 2016.*
4. **“The 4980H Safe Harbor” for Employers Contributing to Multiemployer Plans:** As a reminder, in accordance with IRS guidance, an employer that is required by a collective bargaining (or participation) agreement to contribute to a multiemployer plan will not be treated as failing to offer full-time employees (and their dependents) the opportunity to enroll in **minimum essential coverage** (with respect to employees for whom the employer is required to contribute to the plan) and will not be subject to a penalty for failing to offer **affordable, minimum value** coverage to such employees, *as long as the following conditions are met:*
  - the multiemployer plan offers coverage for eligible participants’ dependent children, *which the Fund does*, as noted above;
  - the multiemployer plan offers minimum value coverage, *which the Fund does*, as noted above; and
  - the coverage is affordable, *which coverage is until June 30, 2016 and which coverage may be thereafter*, as explained above.

This safe harbor provides relief for purposes of the “4980H(a) penalty,” which may apply if an employer does not offer coverage to a specified percentage of its full-time employees (and their children), and the “4980H(b) penalty,” which may apply if an employer does not offer to its full-time employees affordable coverage that is minimum value. **However, certain reporting to the IRS is required, even if the 4980H Safe Harbor is available.**

5. **IRS Reporting:** With respect to the self-insured coverage under the Plan administered by Aetna, the Fund will report to the IRS and Fund participants on IRS Forms 1094-B and 1095-B. According to the IRS instructions for the *employer* forms (Forms 1094-C and 1095-C), ALEs are *not* required to complete Part III of Form 1095-C with respect to employees for whom coverage is provided under a self-insured multiemployer plan like the Plan.

We are also in the process of figuring out the reporting requirements, and Fund legal counsel reports that the rules are currently being clarified so that it may not be necessary for the Fund to provide you with detailed monthly coverage data for your fulltime employees. As soon as we hear for certain one way or another, we will contact all of our employers with further instruction.

At this time, the rules for completing Part II of Form 1095-C (“Employee Offer and Coverage”) by ALEs appear to still be in the process of being clarified by the government. The question is whether ALEs will need to report whether their full-time employees on whose behalf they contributed to the Fund for 2015 were: (i) *eligible for* coverage under the Fund for calendar year 2015 (on a month by month basis or for the entire year), and (ii) actually *enrolled* in coverage under the Fund in 2015 (on a month by month basis or for the entire year), and which coverage the employee enrolled in. If it is determined that ALEs do need to report this data, the Fund will contact you with procedures for providing you with this information.

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**The information contained in this letter is being provided as a courtesy and does not constitute legal or tax advice.** Please understand that if you are an ALE it is your obligation (not the Fund’s) to complete and distribute to employees the IRS Forms 1095-C and to file Forms 1095-C and 1094-C with the IRS. While the Fund may provide ALEs with certain information about the employees who may be eligible for coverage under the Fund, it will not be preparing the IRS Forms for ALEs. Further, ALEs will need to report information regarding health coverage that is offered to *other employees* (*i.e.*, those who are not eligible for participation in this Fund). Therefore, it is important for ALEs to become familiar with these requirements and consult with a tax advisor or other professionals as necessary. For further information about the ACA employer reporting requirements, go to <http://www.irs.gov/Affordable-Care-Act/Employers>.

Sincerely,



Scott Cool  
Director of Fund Administration