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BENEFIT FUNDS

David Stewart
Executive Director
395 Hudson Street
New York, N.Y. 10014
Telephone: (212) 366-7300
Fax: (212) 366-7444

MANAGEMENT TRUSTEES

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MEMORANDUM

To: Contributing Employers of the NYCDCC Welfare Fund

From: Board of Trustees of the NYCDCC Welfare Fund

Date: January 2017

Re: Patient Protection and Affordable Care Act of 2010: 2017 Reporting Requirements for
2016 Health Coverage

This memorandum provides a brief summary of upcoming reporting requirements under the Patient Protection and Affordable Care Act of 2010 (the "ACA"). As explained below, Contributing Employers who are subject to reporting requirements under the ACA need certain information concerning the coverage provided by the New York City District Council of Carpenters Welfare Fund (the "Welfare Fund"). This memorandum provides that information.

A. Applicable Large Employer Reporting Requirements: Forms 1094-C and 1095-C

As you know, beginning in 2016, the ACA has required that certain employers provide annual statements to employees and the Internal Revenue Service ("IRS") about health care coverage provided in the previous calendar year. The IRS uses the reported information to determine which employers are subject to a penalty for not providing coverage to their full-time employees, which individuals are subject to a penalty for not having health coverage and which individuals qualify for a subsidy for coverage purchased through the Marketplace.

Not all Contributing Employers are subject to the ACA's reporting requirements. Employers that are subject to these requirements – called "Applicable Large Employers" under the law – are those Employers who had 50 or more full-time Employees (including full-time equivalent Employees) in the previous year. The Employer is required to distribute a Form 1095-C to each Employee who was a full-time Employee of the Employer for any month of the calendar year. The Employer must use Form 1094-C to report to the IRS summary information for each Employer and to transmit Forms 1095-C to the IRS.

The IRS has issued final Forms (available at <https://www.irs.gov/pub/irs-pdf/f1095c.pdf>) and final Instructions (available at <https://www.irs.gov/pub/irs-pdf/i109495c.pdf>) on these reporting

requirements. **In accordance with the IRS's instructions, and consistent with the rules in effect last year, a Contributing Employer does not need to know whether a specific Employee actually had coverage under a multiemployer health plan, such as the New York City District Council of Carpenters Welfare Fund, for any particular months during the year. Instead the only information that a Contributing Employer is required to obtain from the plan is whether the multiemployer group health plan coverage provides minimum value, offers dependent coverage, and is affordable. As we previously advised, and as set forth below, the Welfare Fund satisfies each of these tests.**

1. MINIMUM VALUE

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

2. DEPENDENT COVERAGE

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

- spouses,
- dependent children to end of the month in which they reach age 26,
- dependent parents who meet certain requirements, and
- disabled adult children who meet certain requirements.

3. AFFORDABILITY

Active Participants do not pay premiums to the Welfare Fund for coverage; therefore, coverage under the Welfare Fund satisfies the affordability test under the ACA. (In the event that coverage is provided under a participation agreement and the Employer charges the Employee a portion of the cost of coverage, the Employer will need to assess affordability.)

Please note that, while the information above is sufficient for reporting offers of coverage through a multiemployer plan in 2017 for 2016 coverage, the IRS has stated that a different manner of reporting may be required for subsequent years.

In sum, then, Contributing Employers will **not** need any participant-specific information about whether an individual had coverage under the Welfare Fund for each month of the year. Accordingly, in light of the fact that such information is not required and, due to restrictions under the HIPAA Privacy Rule, the Welfare Fund will not respond to requests by Contributing Employers for any participant-specific information regarding coverage under the Welfare Fund.

The IRS's Instructions provide detailed information about the codes that should be entered on Form 1095-B to indicate that the Employer was required to contribute to a multiemployer plan on behalf of an employee for that month. For more information, please refer to the IRS's Instructions or seek professional guidance.

Pursuant to IRS Notice 2016-70 (available at <https://www.irs.gov/pub/irs-drop/n-16-70.pdf>), the 2017 due dates for certain 2016 information-reporting requirements have been extended. For 2016 coverage, an Applicable Large Employer must furnish a Form 1095-C to each of its full-time employees by March 2, 2017. Applicable Large Employers must file with the IRS Forms 1094-C and 1095-C by February 28, 2017 if filing on paper (or March 31, 2017 if filing electronically). (Any Employer who is required to file 250 or more information returns must file electronically.)

B. Welfare Fund Reporting Requirements: Forms 1094-B and 1095-B

Since 2016, the ACA has also required that providers of minimum essential coverage, such as the Welfare Fund, report information to individuals to report on their income tax return that the individual, his/her spouse (if he/she files a joint return), and individuals he/she claims as dependents had qualifying health coverage (referred to as “minimum essential coverage”) for some or all months during the year. The Welfare Fund is required to distribute a Form 1095-B to individual taxpayers and is also required to use Form 1094-B to report the required information to the IRS and to transmit the Forms 1095-B.

The Welfare Fund will distribute Form 1095-B to Participants by March 2, 2017. In addition, the Welfare Fund will electronically file Forms 1094-B and 1095-B with the IRS by March 31, 2017.

The following chart below summarizes the above information for the 2017 reporting of 2016 health coverage.

<u>Form</u>	<u>Completed by?</u>	<u>Sent to?</u>	<u>Due Date?</u>
1094-C	Large Employer	IRS	Feb. 28, 2017, if not filing electronically, or March 31, 2017, if filing electronically
1095-C	Large Employer	Employee	March 2, 2017
1094-B	Welfare Fund	IRS	March 31, 2017
1095-B	Welfare Fund	Participant	March 2, 2017

The Welfare Fund is unable to provide legal, tax or other advice as to Contributing Employers’ compliance obligations under the ACA. Employers should contact their legal advisors regarding their responsibilities under the ACA. The information provided above is based on the Welfare Fund’s and its advisors’ good faith interpretation of the ACA. However, we are unable to make any guarantees as to the accuracy of our interpretation.