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David Stewart  
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395 Hudson Street  
New York, NY 10014  
Telephone: (212) 366-7300  
Fax: (212) 366-7444

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## MEMORANDUM

To: Contributing Employers of the NYCDCC Welfare Fund

From: Board of Trustees of the NYCDCC Welfare Fund

Date: January 2019

Re: Patient Protection and Affordable Care Act of 2010: 2019 Reporting Requirements for  
2018 Health Coverage

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This memorandum summarizes 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.

As you may know, the penalty imposed on individuals for not having health coverage (called the "individual shared responsibility payment") is reduced to zero for months beginning after December 31, 2018. In light of this change, the Internal Revenue Service ("IRS") has stated that it is studying whether and how these reporting requirements should change, if at all, for future years. However, notwithstanding the possibility of different reporting requirements in future years, the information in this memorandum is needed for 2019 reporting for 2018 coverage.

### **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 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 in previous years, a Contributing Employer does not need to know whether a specific Employee actually had coverage under the Welfare Fund for any particular months during the year. Instead the only information that a Contributing Employer is required to obtain from the Welfare Fund is whether the Welfare Fund's 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. (If 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.)

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-C 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.

For 2018 coverage, an Applicable Large Employer must furnish a Form 1095-C to each of its full-time employees by **March 4, 2019**. Applicable Large Employers must file with the IRS Forms 1094-C and 1095-C by February 28, 2019 if filing on paper (or April 1, 2019 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 4, 2019**. In addition, the Welfare Fund will electronically file Forms 1094-B and 1095-B with the IRS by April 1, 2019.

The following chart below summarizes the above information for the 2019 reporting of 2018 health coverage.

| <b><u>Form</u></b> | <b><u>Completed by?</u></b> | <b><u>Sent to?</u></b> | <b><u>Due Date?</u></b>   |
|--------------------|-----------------------------|------------------------|---|
| 1094-C             | Large Employer              | IRS                    | Feb. 28, 2019, if not filing electronically, or April 1, 2019, if filing electronically |
| 1095-C             | Large Employer              | Employee               | March 4, 2019   |
| 1094-B             | Welfare Fund                | IRS                    | April 1, 2019   |
| 1095-B             | Welfare Fund                | Participant            | March 4, 2019   |

Based on the above due dates, some employees may not receive a Form 1095-B or Form 1095-C by the time they are ready to file their 2018 tax return. The IRS has stated that taxpayers do not need to wait to receive Forms 1095-B and 1095-C before filing their returns and may rely on other information for purposes of filing their returns.

**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.**