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MEMORANDUM

To: Contributing Employers

From: Board of Trustees of the NYCDCC Welfare Fund

Date: January 2020

Re: Patient Protection and Affordable Care Act of 2010:
2020 Reporting Requirements for 2019 Health Coverage

This memorandum summarizes upcoming reporting requirements under the Patient Protection and Affordable Care Act of 2010 (the "ACA"). 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"). Although the penalty imposed on individuals for not having health coverage (called the "individual shared responsibility payment") was reduced to zero in 2019 pursuant to the Tax Cuts and Jobs Act, the Welfare Fund and Employers are still subject to health coverage reporting requirements. This memorandum provides information needed for 2020 reporting for 2019 coverage.¹

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

Since 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, 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

¹ IRS Notice 2019-63 provides penalty relief from certain aspects of the 2019 information-reporting requirements related to Form 1095-B. The Welfare Fund is not availing itself of this relief. For information about penalty relief available under IRS Notice 2019-63 with respect to the obligation to provide Form 1095-C to an employee who was not a full-time employee, Employers should review IRS Notice 2019-63 and/or consult with their advisors.

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. 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, Contributing Employers do not need any participant-specific information about whether an individual had coverage under the Welfare Fund during 2019. Because such information is not required to satisfy reporting requirements and, due to HIPAA restrictions, the Welfare Fund will not respond to requests by Contributing Employers for participant-specific information.

The IRS's Instructions provide 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 2019 coverage, an Applicable Large Employer must (a) furnish a Form 1095-C to each of its full-time employees by March 2, 2020, and (b) file with the IRS Forms 1094-C and 1095-C by February 28, 2020 if filing on paper (or March 31, 2020 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 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 (a) distribute a Form 1095-B to individual taxpayers and (b) 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, 2020 and will electronically file Forms 1094-B and 1095-B with the IRS by March 31, 2020.

The chart below summarizes the above information for the 2020 reporting of 2019 health coverage.

<u>Form</u>	<u>Completed by?</u>	<u>Sent to?</u>	<u>Due Date?</u>
1094-C	Large Employer	IRS	Feb. 28, 2020, if not filing electronically, or March 31, 2020, if filing electronically
1095-C	Large Employer	Employee	March 2, 2020
1094-B	Welfare Fund	IRS	March 31, 2020
1095-B	Welfare Fund	Participant	March 2, 2020

Some employees may not receive a Form 1095-B or Form 1095-C before they file their 2019 tax return. However, because the individual shared responsibility payment is reduced to zero in 2019, an individual does not need the information on those forms to compute his or her federal tax liability or file an income tax return with the IRS.

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 or tax advisors regarding their responsibilities under the ACA.