

**2015 - SPECIAL BULLETIN 2015-2**

DATE: SEPTEMBER 2015

TO: ALL LOCAL UNIONS AND EMPLOYERS WITH PARTICIPANTS IN  
THE CENTRAL STATES, SOUTHEAST AND SOUTHWEST AREAS  
HEALTH AND WELFARE FUND

RE: FREQUENTLY ASKED QUESTIONS ABOUT THE PATIENT  
PROTECTION AND AFFORDABLE CARE ACT

Recently there have been a number of questions raised by employers about the reporting of health coverage information under the Patient Protection and Affordable Care Act (“ACA”) and the respective roles that the employer and the Central States, Southeast and Southwest Areas Health and Welfare Fund (“Central States TeamCare”) will play in this process. This Special Bulletin will address some common questions.

**Question 1:**

**What is the source of these new reporting requirements?**

Answer: The ACA added section 6056 to the Internal Revenue Code which requires “applicable large employers” to file information returns with the Internal Revenue Service (“IRS”) and provide statements to their “full-time employees” about the health coverage they offered to their full-time employees. These reports will be used by the IRS to determine whether the employer owes any payments under the Employer Shared Responsibility Provisions of the ACA. Under these provisions, if an applicable large employer does not offer affordable health coverage that provides a minimum level of coverage to its full-time employees (and their dependents), the employer may be subject to a payment if at least one of its full-time employees receives a premium tax credit for purchasing individual coverage on one of the Exchanges. The forms that are mailed to the employees are used by the employee to establish that the employee had minimum essential coverage and that the employee is not subject to the individual shared responsibility payment. Additionally, for your employees participating in Central States TeamCare in 2015, this Plan will also be sending our participants certain forms to confirm the months that they and their dependents (if applicable) had coverage. This form is for the employee to use in their 2015 tax filings for them to determine whether they are obligated for any tax payments for not having required health insurance coverage for themselves or their dependents. Further information concerning these new IRS reporting requirements is discussed later in this bulletin.

**Question 2:**

**What is an *applicable large employer* under the ACA?**

Answer: An applicable large employer is an employer that employed an average of at least 50 full-time employees or a combination of full-time and part-time employees (full-time equivalents) that equals at least 50 during the preceding calendar year. Note that the test involves the total number of employees, not the number of union employees, or the number of plan participants. Further, entities that are under common control or otherwise treated as a single entity for tax reporting purposes are aggregated for determining whether the employer is an “applicable large employer.” For more information, see *Questions and Answers on Employer*

*Shared Responsibility Provisions under the Affordable Care Act* found at <http://www.irs.gov/Affordable-Care-Act/Employers/Questions-and-Answers-on-Employer-Shared-Responsibility-Provisions-Under-the-Affordable-Care-Act> (“ESRP Q&A”).

**Question 3:**

**What is a *full-time employee* under the ACA?**

Answer: An employer identifies its full-time employees based on each employee’s hours of service. Note that the ACA definition of a full-time employee may differ from that of the Collective Bargaining Agreement or other documents currently in effect which dictate health insurance coverage terms. Under the ACA an employee is a full-time employee for a calendar month if he or she averages at least 30 hours of service per week. Under the regulations, 130 hours in a calendar month is treated as the monthly equivalent of at least 30 hours of service per week. Various measurement periods can be used to determine full-time employee status. For more information, see the ESRP Q&A.

**Question 4:**

**Is Central States TeamCare an *eligible employer-sponsored plan* under the ACA?**

Answer: Yes. Group health plans (including grandfathered plans) like the plans offered by Central States TeamCare are eligible employer-sponsored plans under the ACA.

**Question 5:**

**Does Central States TeamCare provide *minimum essential coverage* under the ACA?**

Answer: Yes. Coverage under an eligible employer-sponsored plan constitutes minimum essential coverage under the ACA if coverage is offered to the employee and the employee’s dependents (defined as children under age 26). Central States TeamCare is an eligible employer-sponsored plan (see answer to Question 4).

**Question 6:**

**Does Central States TeamCare provide *minimum value* under the ACA?**

Answer: Yes. Under the ACA, a plan fails to provide minimum value if the plan’s share of the total allowed cost of benefits provided under the plan is less than 60 percent of those costs. At present, all of Central States TeamCare’s plans (benefit packages) exceed that minimum and the plans that cover the vast majority of participants have benefits that exceed 80 percent of the costs.

**Question 7:**

**Is the coverage provided by Central States TeamCare *affordable* under the ACA?**

Answer: If the employee pays no portion of the premium, then the coverage is affordable. Otherwise, if an employee’s share of the premium for employer-provided coverage would cost the employee more than 9.5% of that employee’s annual household income, the coverage is not considered affordable for that employee. There are various safe harbors that an employer may use as a proxy for household income, including the employee’s Form W-2 wages or the employee’s rate of pay. For more information, see the ESRP Q&A. Central States TeamCare cannot make this determination since Central States TeamCare does not have the information necessary to make this determination.

**Question 8:**

**How does an applicable large employer provide the information required by the ACA?**

Answer: For 2015, the employer must file Forms 1094-C and 1095-C with the IRS no later than February 29, 2016 (March 31, 2016 if filing electronically). For 2015, the employer must furnish the Form 1095-C to the employees no later than February 1, 2016. For more information, see *Questions and Answers on Reporting of Offers of Health Insurance Coverage by Employers (Section 6056)* found at <http://www.irs.gov/Affordable-Care-Act/Employers/Questions-and-Answers-on-Reporting-of-Offers-of-Health-Insurance-Coverage-by-Employers-Section-6056> ("ROHIC Q&A").

**Question 9:**

**Where can I find the instructions for Forms 1094-C and 1095-C?**

Answer: The instructions for Forms 1094-C and 1095-C are not yet available for 2015, although draft instructions for 2015 are available at <http://www.irs.gov/pub/irs-dft/i109495c--dft.pdf>. The 2014 versions of the instructions (and links to the forms themselves) can be found at <http://www.irs.gov/instructions/i109495c/ar01.html> ("Instructions"). Please note that reporting on these forms was optional for 2014 but that reporting is required for 2015.

**Question 10:**

**Which employees need to be included on (and provided) a Form 1095-C?**

Answer: Generally speaking, the employer must report and provide a Form 1095-C for each employee who was a full-time employee (as defined by the ACA) for any month of the calendar year. For more information, see <http://www.irs.gov/Affordable-Care-Act/Employers/Questions-and-Answers-about-Employer-Information-Reporting-on-Form-1094-C-and-Form-1095-C> ("EIR Q&A").

**Question 11:**

**How do I determine whether a full-time employee was covered for the calendar month?**

Answer: An employee is offered health coverage for a month only if it made contributions for health coverage that covers every day of the calendar month unless the employee's employment terminates before the end of the month. For more information, see Instructions Line 14.

**Question 12:**

**Do I need to fill out Part III of the Form 1095-C which requires the name of all covered individuals and a social security number (or date of birth)?**

Answer: Not with respect to employees covered through Central States TeamCare. The Instructions specifically indicate that Part III should not be completed if the coverage comes from a multiemployer plan such as Central States TeamCare. For more information, see Instructions Part III.

**Question 13:**

**Does Central States TeamCare have any reporting obligations similar to the employer?**

Answer: Yes. Central States TeamCare will file Forms 1094-B and 1095-B with the IRS and will provide a copy of the Form 1095-B to each participant. However, an applicable large employer is still required to file Forms 1094-C and 1095-C (without Part III) with the IRS and to provide a copy of Form 1095-C to the employee.

**Question 14:**

**Are there any important differences between the information on Form 1095-B and Form 1095-C?**

Answer: Yes. In preparing the Form 1095-B, Central States TeamCare will report an individual as having coverage for a month if the individual was covered for even one day of that month. This is a difference between the individual mandate rules and the employer shared responsibility rules. Also, Central States TeamCare will file and provide a Form 1095-B to every participant who had coverage for at least one day in any month regardless of whether that participant was a full-time employee.

**Question 15:**

**Will Central States TeamCare prepare the employer's Forms 1094-C or 1095-C?**

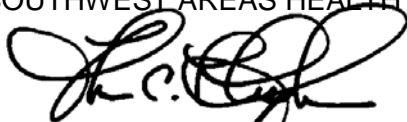
Answer: No. Central States TeamCare will not prepare the employer's Forms 1094-C or 1095-C. Preparing those forms, filing them with the IRS, and providing them to the employees is the employer's obligation.

In conclusion, this information is not provided as tax advice but instead is intended to alert participating employers of the need to determine if they will need to file Forms 1094-C and 1095-C and, if so, to begin the process of preparing for such filings and providing copies to employees. Employers should consult their legal, tax, and accounting advisors concerning their legal obligations. Please note that the information provided in this Special Bulletin is subject to change as additional guidance is received from the IRS. Further, this information is specific to the employees for whom the employer has an obligation to contribute to Central States TeamCare. The employer's reporting obligations with respect to other employees may be different and are not covered by this Special Bulletin.

For local unions with questions regarding this Special Bulletin, please contact your Field Service Representative at 1-800-323-2152, extension 3080. For employers with questions regarding this Special Bulletin, please contact Peter Priede or Tom Baxa at 847-232-5700 or 847-232-5760.

Sincerely,

BOARD OF TRUSTEES, CENTRAL STATES, SOUTHEAST AND  
SOUTHWEST AREAS HEALTH AND WELFARE FUND, BY:



THOMAS C. NYHAM  
EXECUTIVE DIRECTOR