



**CENTRAL STATES  
SOUTHEAST AND  
SOUTHWEST AREAS  
HEALTH AND WELFARE FUND**

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**2013 - SPECIAL BULLETIN 2013-4**

DATE: AUGUST 2013

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

RE: EMPLOYER OBLIGATION TO PROVIDE NOTICE OF COVERAGE OPTIONS

Under the Patient Protection and Affordable Care Act ("ACA"), employers are required to give their employees notice of the health insurance marketplace options (also commonly known as the Exchanges). Below are frequently asked questions concerning this requirement. Please note that this guidance focuses on the notices as they pertain to participants in the Central States, Southeast and Southwest Areas Health and Welfare Fund ("Central States").

**Question 1:**

**Who is required to provide this notice?**

Answer: Generally, any **employer** with at least one employee and at least \$500,000 in annual dollar volume of business.

**Question 2:**

**Who is required to receive this notice?**

Answer: All employees regardless of status (for example, full-time, part-time, casual, etc.) must receive this notice. It applies to union and non-union employees, and it applies regardless of whether the employee participates in Central States, another health plan/insurer, or if the employee does not have coverage under a health plan/insurer.

**Question 3:**

**When must the notice be provided?**

Answer: Current employees must receive the notice no later than October 1, 2013. Employees hired on and after October 1, 2013 should receive the notice upon hiring (or within 14 days of hiring).

**Question 4:**

**What is the form of the notice?**

Answer: A model notice (in fillable PDF form) is available at the following link: <http://www.dol.gov/ebsa/pdf/FLSAwithplans.pdf> and a hard copy is enclosed. Please note that the last page of the notice is optional.

**Question 5:**

**How is the notice provided?**

Answer: The employer may mail the notice via first-class mail to all employees or provide the notice electronically if the Department of Labor's requirements for electronic distribution of notices are met.

**Question 6:**

**For boxes 10-12 on the model notice, may the employer list Central States' contact information?**

Answer: Yes, if the employer wishes to do so, but only for notices sent to Central States' participants. The contact information that should be listed is:

Box 10:

Central States, Southeast and Southwest Areas Health and Welfare Fund  
9377 West Higgins Road  
Rosemont, IL 60018

Box 11:

1-800-323-5000

Box 12:

help@centralstates.org

**Question 7:**

**How do I fill out the bullet points on the second half of Part B?**

Answer: For Central States' participants, the employer should describe the eligible employees as they are described in the relevant collective bargaining agreement. For dependents, the employer should state "spouse and children until age 26."

**Question 8:**

**Do I check the box regarding minimum value and affordability?**

Answer: With respect to Central States' participants, Central States provides minimum value. With respect to affordability, coverage under a multiemployer plan is considered affordable if the employee's required contribution (payroll deduction), if any, toward member-only health coverage under the plan does not exceed 9.5 percent of the employee's wages, which may be determined based on actual wages or an hourly wage rate under the applicable collective bargaining agreement. If the affordability test is met as determined by the employer, the box should be checked.

**Question 9:**

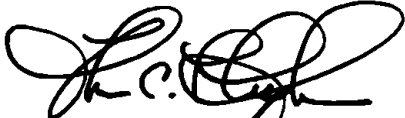
**Where can I find additional information?**

Answer: The Department of Labor has issued Technical Release 2013-02 which discusses the requirements in more detail. This document may be found at the following link: <http://www.dol.gov/ebsa/pdf/tr13-02.pdf> and a hard copy is included.

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 Bill Schaefer at 1-800-323-2152, extension 3623.

Sincerely,

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

A handwritten signature in black ink, appearing to read 'T.C. Nyhan', written in a cursive style.

THOMAS C. NYHAN  
EXECUTIVE DIRECTOR

Enclosures



# New Health Insurance Marketplace Coverage Options and Your Health Coverage

Form Approved  
OMB No. 1210-0149  
(expires 11-30-2013)

## PART A: General Information

When key parts of the health care law take effect in 2014, there will be a new way to buy health insurance: the Health Insurance Marketplace. To assist you as you evaluate options for you and your family, this notice provides some basic information about the new Marketplace and employment-based health coverage offered by your employer.

### What is the Health Insurance Marketplace?

The Marketplace is designed to help you find health insurance that meets your needs and fits your budget. The Marketplace offers "one-stop shopping" to find and compare private health insurance options. You may also be eligible for a new kind of tax credit that lowers your monthly premium right away. Open enrollment for health insurance coverage through the Marketplace begins in October 2013 for coverage starting as early as January 1, 2014.

### Can I Save Money on my Health Insurance Premiums in the Marketplace?

You may qualify to save money and lower your monthly premium, but only if your employer does not offer coverage, or offers coverage that doesn't meet certain standards. The savings on your premium that you're eligible for depends on your household income.

### Does Employer Health Coverage Affect Eligibility for Premium Savings through the Marketplace?

Yes. If you have an offer of health coverage from your employer that meets certain standards, you will not be eligible for a tax credit through the Marketplace and may wish to enroll in your employer's health plan. However, you may be eligible for a tax credit that lowers your monthly premium, or a reduction in certain cost-sharing if your employer does not offer coverage to you at all or does not offer coverage that meets certain standards. If the cost of a plan from your employer that would cover you (and not any other members of your family) is more than 9.5% of your household income for the year, or if the coverage your employer provides does not meet the "minimum value" standard set by the Affordable Care Act, you may be eligible for a tax credit.<sup>1</sup>

**Note:** If you purchase a health plan through the Marketplace instead of accepting health coverage offered by your employer, then you may lose the employer contribution (if any) to the employer-offered coverage. Also, this employer contribution—as well as your employee contribution to employer-offered coverage—is often excluded from income for Federal and State income tax purposes. Your payments for coverage through the Marketplace are made on an after-tax basis.

### How Can I Get More Information?

For more information about your coverage offered by your employer, please check your summary plan description or contact \_\_\_\_\_.

The Marketplace can help you evaluate your coverage options, including your eligibility for coverage through the Marketplace and its cost. Please visit [HealthCare.gov](http://HealthCare.gov) for more information, including an online application for health insurance coverage and contact information for a Health Insurance Marketplace in your area.

<sup>1</sup> An employer-sponsored health plan meets the "minimum value standard" if the plan's share of the total allowed benefit costs covered by the plan is no less than 60 percent of such costs.

## PART B: Information About Health Coverage Offered by Your Employer

This section contains information about any health coverage offered by your employer. If you decide to complete an application for coverage in the Marketplace, you will be asked to provide this information. This information is numbered to correspond to the Marketplace application.

3. Employer name		4. Employer Identification Number (EIN)	
5. Employer address		6. Employer phone number	
7. City	8. State	9. ZIP code	
10. Who can we contact about employee health coverage at this job?			
11. Phone number (if different from above)		12. Email address	

Here is some basic information about health coverage offered by this employer:

- As your employer, we offer a health plan to:  
All employees.

Some employees. Eligible employees are:

- With respect to dependents:  
We do offer coverage. Eligible dependents are:

We do not offer coverage.

If checked, this coverage meets the minimum value standard, and the cost of this coverage to you is intended to be affordable, based on employee wages.

\*\* Even if your employer intends your coverage to be affordable, you may still be eligible for a premium discount through the Marketplace. The Marketplace will use your household income, along with other factors, to determine whether you may be eligible for a premium discount. If, for example, your wages vary from week to week (perhaps you are an hourly employee or you work on a commission basis), if you are newly employed mid-year, or if you have other income losses, you may still qualify for a premium discount.

If you decide to shop for coverage in the Marketplace, [HealthCare.gov](https://www.healthcare.gov) will guide you through the process. Here's the employer information you'll enter when you visit [HealthCare.gov](https://www.healthcare.gov) to find out if you can get a tax credit to lower your monthly premiums.

The information below corresponds to the Marketplace Employer Coverage Tool. Completing this section is optional for employers, but will help ensure employees understand their coverage choices.

**13. Is the employee currently eligible for coverage offered by this employer, or will the employee be eligible in the next 3 months?**

**Yes** (Continue)

13a. If the employee is not eligible today, including as a result of a waiting or probationary period, when is the employee eligible for coverage? \_\_\_\_\_ (mm/dd/yyyy) (Continue)

**No** (STOP and return this form to employee)

**14. Does the employer offer a health plan that meets the minimum value standard\*?**  
Yes (Go to question 15)      No (STOP and return form to employee)

**15. For the lowest-cost plan that meets the minimum value standard\* offered **only to the employee** (don't include family plans): If the employer has wellness programs, provide the premium that the employee would pay if he/ she received the maximum discount for any tobacco cessation programs, and didn't receive any other discounts based on wellness programs.**

a. How much would the employee have to pay in premiums for this plan? \$ \_\_\_\_\_

b. How often?      Weekly      Every 2 weeks      Twice a month      Monthly      Quarterly      Yearly

If the plan year will end soon and you know that the health plans offered will change, go to question 16. If you don't know, STOP and return form to employee.

**16. What change will the employer make for the new plan year?**

Employer won't offer health coverage

Employer will start offering health coverage to employees or change the premium for the lowest-cost plan available only to the employee that meets the minimum value standard.\* (Premium should reflect the discount for wellness programs. See question 15.)

a. How much will the employee have to pay in premiums for that plan? \$ \_\_\_\_\_

b. How often?      Weekly      Every 2 weeks      Twice a month      Monthly      Quarterly      Yearly

Date of change (mm/dd/yyyy): \_\_\_\_\_

\* An employer-sponsored health plan meets the "minimum value standard" if the plan's share of the total allowed benefit costs covered by the plan is no less than 60 percent of such costs (Section 36B(c)(2)(C)(ii) of the Internal Revenue Code of 1986)



**TECHNICAL RELEASE 2013-02**

**DATE: MAY 8, 2013**

**SUBJECT: GUIDANCE ON THE NOTICE TO EMPLOYEES OF COVERAGE OPTIONS UNDER FAIR LABOR STANDARDS ACT § 18B AND UPDATED MODEL ELECTION NOTICE UNDER THE CONSOLIDATED OMNIBUS BUDGET RECONCILIATION ACT OF 1985**

**I. INTRODUCTION**

Many provisions of the Patient Protection and Affordable Care Act (Affordable Care Act) that become effective beginning in 2014 are designed to expand access to affordable health coverage. These include provisions for coverage to be offered through a Health Insurance Marketplace (Marketplace), premium tax credits to assist individuals in purchasing such coverage, employer notice to employees of coverage options available through the Marketplace, and other related provisions. The Departments of Labor, Health and Human Services (HHS), and the Treasury are working together to develop coordinated regulations and other administrative guidance to assist stakeholders with implementation of the Affordable Care Act.

Beginning January 1, 2014, individuals and employees of small businesses will have access to affordable coverage through a new competitive private health insurance market – the Health Insurance Marketplace. The Marketplace offers “one-stop shopping” to find and compare private health insurance options. Open enrollment for health insurance coverage through the Marketplace begins October 1, 2013. Section 1512 of the Affordable Care Act creates a new Fair Labor Standards Act (FLSA) section 18B requiring a notice to employees of coverage options available through the Marketplace.<sup>1</sup>

This Technical Release provides temporary guidance regarding the notice requirement under FLSA section 18B and announces the availability of the Model Notice to Employees of Coverage Options. This Technical Release also provides an updated model election notice for group health plans for purposes of the continuation coverage provisions under Title X of the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) to include additional information regarding health coverage alternatives offered through the Marketplace.

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<sup>1</sup> The Secretary of Labor has delegated responsibility for FLSA section 18B rulemaking to the Employee Benefits Security Administration (EBSA) within the Department of Labor. See Q2 in ACA Implementation FAQ Part V, available at: <http://www.dol.gov/ebsa/faqs/faq-aca5.html>.

## **II. BACKGROUND ON THE NOTICE TO INFORM EMPLOYEES OF COVERAGE OPTIONS UNDER THE FLSA**

Section 18B of the FLSA, as added by section 1512 of the Affordable Care Act, generally provides that, in accordance with regulations promulgated by the Secretary of Labor, an applicable employer must provide each employee at the time of hiring (or with respect to current employees, not later than March 1, 2013), a written notice:

1. Informing the employee of the existence of the Marketplace (referred to in the statute as the Exchange) including a description of the services provided by the Marketplace, and the manner in which the employee may contact the Marketplace to request assistance;
2. If the employer plan's share of the total allowed costs of benefits provided under the plan is less than 60 percent of such costs, that the employee may be eligible for a premium tax credit under section 36B of the Internal Revenue Code (the Code) if the employee purchases a qualified health plan through the Marketplace; and
3. If the employee purchases a qualified health plan through the Marketplace, the employee may lose the employer contribution (if any) to any health benefits plan offered by the employer and that all or a portion of such contribution may be excludable from income for Federal income tax purposes.

On January 24, 2013, the Department of Labor (the Department) issued guidance stating the Department's conclusion that the notice requirement under FLSA section 18B will not take effect on March 1, 2013 for several reasons.<sup>2</sup> The Department explained that this notice should be coordinated with HHS's educational efforts and Internal Revenue Service (IRS) guidance on minimum value. The guidance also stated the Department's commitment to a smooth implementation process including providing employers with sufficient time to comply and select an applicability date that ensures that employees receive the information at a meaningful time. The guidance further stated that the Department expects the timing for distribution of notices will be the late summer or fall of 2013, which will coordinate with the open enrollment period for the Marketplace.

The Department is issuing this temporary guidance and model notice in advance of the expected timeframe announced in the guidance because, since the issuance of the guidance, the Department has received several requests from employers for a model notice on an earlier timeframe so that they may be able to inform their employees now about the upcoming coverage options through the Marketplace. Therefore, employers are permitted to use the model notice and/or rely on this temporary guidance prior to the applicability date stated below<sup>3</sup> to inform their employees earlier.

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<sup>2</sup> See FAQs about Affordable Care Act Implementation Part XI Question 1 available at <http://www.dol.gov/ebsa/faqs/faq-aca11.html>.

<sup>3</sup> See section III.D of this notice.



### **III. GUIDANCE FOR THE NOTICE TO INFORM EMPLOYEES OF COVERAGE OPTIONS UNDER THE FLSA**

This section provides temporary guidance on what the Department will consider as compliance with FLSA section 18B, and this guidance will remain in effect until the Department promulgates regulations or other guidance. Future regulations or other guidance on these issues will provide adequate time to comply with any additional or modified requirements.

#### **A. EMPLOYERS SUBJECT TO THE NOTICE REQUIREMENT**

The FLSA section 18B requirement to provide a notice to employees of coverage options applies to employers to which the FLSA applies. In general, the FLSA applies to employers that employ one or more employees who are engaged in, or produce goods for, interstate commerce. For most firms, a test of not less than \$500,000 in annual dollar volume of business applies.<sup>4</sup> The FLSA also specifically covers the following entities: hospitals; institutions primarily engaged in the care of the sick, the aged, mentally ill, or disabled who reside on the premises; schools for children who are mentally or physically disabled or gifted; preschools, elementary and secondary schools, and institutions of higher education; and federal, state and local government agencies.<sup>5</sup>

The Department's Wage and Hour Division provides guidance relating to the applicability of the FLSA in general including an internet compliance assistance tool to determine applicability of the FLSA. See <http://www.dol.gov/elaws/esa/flsa/scope/screen24.asp>.

#### **B. PROVIDING NOTICE TO EMPLOYEES**

Employers must provide a notice of coverage options to each employee, regardless of plan enrollment status (if applicable) or of part-time or full-time status. Employers are not required to provide a separate notice to dependents or other individuals who are or may become eligible for coverage under the plan but who are not employees.

#### **C. FORM AND CONTENT OF THE NOTICE**

Pursuant to the statute, the notice to inform employees of coverage options must include information regarding the existence of a new Marketplace as well as contact information and description of the services provided by a Marketplace. The notice must also inform the employee that the employee may be eligible for a premium tax credit under section 36B of the Code if the employee purchases a qualified health plan through the Marketplace; and a statement informing the employee that if the employee purchases a qualified health plan through the Marketplace, the employee may lose the employer contribution (if any) to any health benefits plan offered by the employer and that all or a

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<sup>4</sup> See <http://www.dol.gov/compliance/guide/minwage.htm>.

<sup>5</sup> *Id.*

portion of such contribution may be excludable from income for Federal income tax purposes.

#### D. TIMING AND DELIVERY OF NOTICE

Employers are required to provide the notice to each new employee at the time of hiring beginning October 1, 2013. For 2014, the Department will consider a notice to be provided at the time of hiring if the notice is provided within 14 days of an employee's start date.

With respect to employees who are current employees before October 1, 2013, employers are required to provide the notice not later than October 1, 2013. The notice is required to be provided automatically, free of charge.

The notice must be provided in writing in a manner calculated to be understood by the average employee. It may be provided by first-class mail. Alternatively, it may be provided electronically if the requirements of the Department of Labor's electronic disclosure safe harbor at 29 CFR 2520.104b-1(c) are met.

#### E. MODEL NOTICE

To satisfy the content requirements for FLSA section 18B, model language is available on the Department's website: <http://www.dol.gov/ebsa/healthreform/>. There is one model for employers who do not offer a health plan and another model for employers who offer a health plan or some or all employees. Employers may use one of these models, as applicable, or a modified version, provided the notice meets the content requirements described above.

#### F. PAPERWORK REDUCTION ACT STATEMENT

The notice specified by this guidance is a collection of information approved under OMB Control Number 1210-0149, which currently is scheduled to expire on November 30, 2013. The Department notes that a federal agency cannot conduct or sponsor a collection of information unless it is approved by OMB under the PRA, and displays a currently valid OMB control number, and the public is not required to respond to a collection of information unless it displays a currently valid OMB control number. See 44 U.S.C. § 3507. Also, notwithstanding any other provisions of law, no person shall be subject to penalty for failing to comply with a collection of information if the collection of information does not display a currently valid OMB control number. See 44 U.S.C. § 3512. A covered employer's response to this collection is mandatory. See 29 U.S.C. § 218b. Each individual response is estimated to take less than 15 seconds, as an employer may send a copy of the same notice to each affected employee. Send comments about this information collection, including suggestions for reducing its burden, to G. Christopher Cosby, Department of Labor, Employee Benefits Security Administration, Office of Policy and Research, 200 Constitution Ave, NW, N-5718, Washington, DC 20210 (cosby.chris@dol.gov). Do not send a copy of the notice to this address.

#### **IV. BACKGROUND AND GUIDANCE FOR THE MODEL COBRA ELECTION NOTICE**

In general, under COBRA, an individual who was covered by a group health plan on the day before a qualifying event occurred may be able to elect COBRA continuation coverage upon a qualifying event (such as termination of employment or reduction in hours that causes loss of coverage under the plan).<sup>6</sup> Individuals with such a right are called qualified beneficiaries. A group health plan must provide qualified beneficiaries with an election notice, which describes their rights to continuation coverage and how to make an election. The election notice must be provided to the qualified beneficiaries within 14 days after the plan administrator receives the notice of a qualifying event.

The election notice is required to include:

- The name of the plan and the name, address, and telephone number of the plan's COBRA administrator;
- Identification of the qualifying event;
- Identification of the qualified beneficiaries (by name or by status);
- An explanation of the qualified beneficiaries' right to elect continuation coverage;
- The date coverage will terminate (or has terminated) if continuation coverage is not elected;
- How to elect continuation coverage;
- What will happen if continuation coverage isn't elected or is waived;
- What continuation coverage is available, for how long, and (if it is for less than 36 months), how it can be extended for disability or second qualifying events;
- How continuation coverage might terminate early;
- Premium payment requirements, including due dates and grace periods;
- A statement of the importance of keeping the plan administrator informed of the addresses of qualified beneficiaries; and
- A statement that the election notice does not fully describe COBRA or the plan and that more information is available from the plan administrator and in the plan's summary plan description (SPD).

Some qualified beneficiaries may want to consider and compare health coverage alternatives to COBRA continuation coverage that are available through the Marketplace. Qualified beneficiaries may also be eligible for a premium tax credit (a tax credit to help pay for some or all of the cost of coverage in plans offered through the Marketplace).

The Department of Labor has a model election notice that plans may use to satisfy the requirement to provide the election notice under COBRA. This notice is being revised to help make qualified beneficiaries aware of other coverage options available in the

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<sup>6</sup> For more information on COBRA continuation coverage requirements applicable to group health plans, see "An Employer's Guide to Group Health Continuation Coverage Under COBRA," available at: <http://www.dol.gov/ebsa/publications/cobraemployer.html>.

Marketplace. As with the earlier model, in order to use this model election notice properly, the plan administrator must complete it by filling in the blanks with the appropriate plan information. Use of the model election notice, appropriately completed, will be considered by the Department of Labor to be good faith compliance with the election notice content requirements of COBRA.

The model election notice is available in modifiable, electronic form on the Department's website at: <http://www.dol.gov/ebsa/cobra.html>. A clean copy is available, as is a redline from the prior model notice to help interested stakeholders identify the changes.

**V. FOR FURTHER INFORMATION CONTACT**

Amy Turner or Elizabeth Schumacher, Employee Benefits Security Administration, Department of Labor, at 202-693-8335. Additional information for employers regarding the Affordable Care Act is available at [www.healthcare.gov](http://www.healthcare.gov) and [www.dol.gov/ebsa/healthreform](http://www.dol.gov/ebsa/healthreform).