



Operating Engineers Local 101 Health and Welfare Fund

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To: Contributing Employers, Operating Engineers Local 101 Health & Welfare Fund

Re: Healthcare Reform Reporting Requirements

You may have recently heard about the new Internal Revenue Service (“IRS”) rules that require health plans and employers to report on the health coverage offered to employees and participants. The IRS recently finalized the Instructions and Forms that health plans and employers will use to complete this reporting. The purpose of this memorandum is to provide employers with information to help them comply with the reporting requirements with respect to their employees for whom they contribute to the Operating Engineers Local 101 Health & Welfare Fund (“Fund”).

This memorandum will discuss employer reporting requirements and Fund reporting requirements separately below. It will then provide a summary of that information, along with where to find additional information on these reporting requirements.

Part I: General Information

Beginning in early 2016, the Affordable Care Act (“ACA”) requires certain employers and plan sponsors to report health coverage information to the IRS and to participants. There are four different forms that will be used to complete this reporting: Forms 1094-C, 1095-C, 1094-B and 1095-B. Employers will complete their reporting on the Forms that end with “C”, while the Fund will complete its reporting on the Forms that end with “B.” This memorandum addresses both sets of forms.

As you read through this memorandum, please keep in mind that the information is provided for informational purposes only. The Fund cannot provide advice regarding compliance with the ACA or Internal Revenue Code (“IRC”) to employers.

Part II: Employer Reporting Requirements

A. Which Contributing Employers must Report Coverage on the “C” Forms?

Not all Contributing Employers must report on the healthcare coverage offered to its employees. Only a Contributing Employer that is an “Applicable Large Employer” or “ALE” must report coverage information. Generally, an employer is an ALE if it had at least fifty (50) full-time employees, or full-time employee equivalents, in the prior calendar year (i.e. 2014 data will determine an employer’s ALE status for 2015). The IRS has developed different methods to determine whether an employer is an ALE. **All** employees, not just those for whom an employer contributed to the Operating Engineers Local 101 Health & Welfare Fund, factor

into the ALE calculation. You should consult with your attorney, payroll company or tax professional if you have questions regarding your ALE status.

The remaining information in Part II of this memorandum only applies to ALEs.

B. General Reporting Requirements

If you are an ALE, you must prepare and file Forms 1094-C and 1095-C (the “C” Forms) to report on the health coverage you offered to employees in 2015. You must also provide a copy of this information to the employee. The data reported helps the IRS determine if the employer owes a payment under the ACA’s employer shared-responsibility provisions. The data also helps the IRS determine if an employee is eligible for a premium tax credit.

It is your responsibility to complete the “C” Forms. The Fund cannot complete them for you. There are penalties for failing to file and distribute the “C” Forms. However for 2015 reporting, these penalties are waived if an employer shows a good faith effort to comply with the requirements, which includes timely filing and distribution of the “C” Forms.

If you are an ALE, you may have to report 2015 coverage information for your other employees, not just employees that participate in this Fund. **This memorandum only provides information concerning the employees for whom you contributed to the Operating Engineers Local 101 Health & Welfare Fund.** It does not address the reporting rules for your other employees. To the extent you have questions about reporting on an employee for whom you contributed to the Fund, the Fund’s Administrative Office may be able to provide limited assistance.

C. Reporting Coverage from the Fund

The IRS recently issued special interim guidance that applies to an ALE that offers healthcare coverage to their employees through a multiemployer arrangement. Under the interim guidance, an ALE is treated as having “offered” health coverage to an employee if the ALE is required by a collective bargaining agreement or participation agreement to contribute to a multiemployer fund on behalf of that employee, and the fund’s coverage provides minimum essential coverage and provides minimum value, is affordable, and offers coverage to the employee’s dependents. An ALE may rely on this rule regardless of whether an employee is eligible for coverage from the fund.

The Operating Engineers Local 101 Health & Welfare Fund certifies the following about its coverage:

- It offers minimum essential coverage and provides minimum value;
- It offers coverage to all dependents it is legally required to cover (i.e. dependent children under the age of 26); and
- For your collectively bargained employees on whose behalf you contribute to the Fund, the Fund’s coverage is affordable. For your non-bargained employees who are covered

by the Fund through a participation agreement, and you pay the entire premium, the Fund's coverage is also affordable. If you have any non-bargained employees that pay part of their premium, the determination of whether their coverage is affordable is more complex. You must determine whether the Fund's coverage is affordable for those individuals.

The Fund satisfies the above requirements for 2015 for an employee that is either (1) a collectively bargained employee, or (2) a non-bargained employee covered by a participation agreement for whom the Fund's coverage is affordable. Accordingly, you may fill out Form 1095-C for that employee as follows:

- Enter the contact information for both the employee and yourself in Part I (Lines 1-13).
- You may leave the "Plan Start Month" section blank.
- If you contributed to the Fund on behalf of an employee for all 12 months of 2015, under Part II, you may put code "1H" in Line 14 and code "2E" in Line 16 in the "All 12 months" column. You may leave Line 15 and the individual month columns blank.
- If you contributed to the Fund on behalf of an employee for some, but not all, months of 2015, under Part II, put "1H" in Line 14 and code "2E" in Line 16 in the individual month columns that correspond with the months in which you contributed to the Fund. You may leave Line 15 blank for those months.
- You may leave Part III, blank.

The rules above only apply for coverage offered during the 2015 calendar year. The IRS has stated that for 2016 and later, an ALE relying on the multiemployer interim guidance may be required to report coverage through a multiemployer fund in a different manner.

Part III: Fund Reporting Requirements

The Fund also has its own reporting obligations. The Fund will prepare and submit Forms 1094-B and 1095-B (the "B" Forms) to the IRS for Fund participants, including spouses and dependent(s), who received coverage from the Fund in the 2015 calendar year. This will confirm to the IRS that the Fund offered participants minimum essential coverage, and is intended to enforce the ACA's individual mandate penalty. The Administrative Office for the Fund will complete and mail these forms on behalf of participants of the Regular Plan, as well as the Basic Plan. It will also provide a copy of this information to Fund participants.

Regardless of whether or not you are an ALE, you do not have to complete Forms 1094-B and 1095-B for any of your employees covered by the Fund. If you have employees not covered by the Fund for whom you provide self-funded health coverage, you may have an obligation to report on the minimum essential coverage offered to those individuals.

Part IV: Conclusion

A. Summary of Reporting Rules

We hope you find the information in this memorandum helpful. The following chart summarizes the reporting requirements discussed above:

SUMMARY OF ACA REPORTING REQUIREMENTS					
FORM	ENTITY RESPONSIBLE FOR REPORTING	SEND TO	DUE DATE	PURPOSE OF FORM	MISCELLANEOUS INFORMATION
1094-B	The Fund	IRS	March 31, 2016	Transmittal Form to send Form 1095-Bs	
1095-B	The Fund	Employee Participant and IRS	To Participants: February 1, 2016 To IRS: March 31, 2016	Report minimum essential coverage actually provided to each participant (including spouses and dependents)	
1094-C	Contributing Employers that are ALEs	IRS	February 29, 2016, if by paper or March 31, 2016, if electronic*	Transmittal form to send Form 1095-Cs and reports employer information	
1095-C	Contributing Employers that are ALEs	Employee and IRS	To Employee: February 1, 2016 To IRS: February 29, 2016, if by paper or March 31, 2016, if electronic*	Report healthcare coverage offered to full-time employees	How to report coverage for the months contributed to the Fund: Line 14: Report Code 1H (No offer of coverage) Line 15: Leave Blank Line 16: Report Code 2E (Multiemployer interim rule relief) Do not complete Part III

*Employers with over 250 Employees must report electronically

B. More Sources of Information about these Reporting Rules

If you have questions regarding the employer reporting requirements described in Part II of this letter, please direct those questions to your attorney or tax professional. This includes questions on how to determine ALE status, which employees you must report on, and how to report coverage for employees for whom you did not contribute to the Fund. The information contained in this letter was provided for informational purposes only. The duty to comply with the ACA and relevant Internal Revenue Code provisions belongs to each employer. The Fund cannot provide compliance advice.

If you have questions on the Fund's reporting requirements described in Part III of this letter, please contact the Fund Office at 816-737-5959.

Forms 1094-C and 1095-C, and the Instructions to those Forms can be found at:

<http://www.irs.gov/uac/About-Form-1095-C>

Form 1094-B and 1095-B, and the Instructions to those Forms can be found at:

<http://www.irs.gov/uac/About-Form-1095-B>

For information about the IRS guidelines for electronic reporting please visit the IRS website at www.irs.gov and search for Publication 5164.