

Northwest Insulation Workers Welfare Trust

2815 2nd Avenue, Suite 300 • P.O. Box 34203 • Seattle, Washington 98124-1203
Phone (844) 811-6789 • Fax (206) 505-9727 • Website www.nwinsulationtrust.com

Administered by
Welfare & Pension Administration Service, Inc.

Information to Assist Applicable Large Employers with IRS Form 1095-C Tax Filings

The Affordable Care Act (“ACA”) requires that “Applicable Large Employers” provide employees and the IRS with Form 1095-C. Unless an extension is obtained, the 2016 Form must be provided to employees on or before by March 2, 2017, and must be filed with the IRS (with Form 1094-C) by February 28, 2017 if filing on paper (or by March 31, 2017 if filing electronically). The Form 1095-C will be used by the IRS to help determine whether an Applicable Large Employer is subject to penalties for failure to make an offer of coverage to employees, and which employees may be eligible for a premium tax credit.

The Board of Trustees of the Northwest Insulation Workers Welfare Trust (“Trust”) is providing the following information to assist employers that are Applicable Large Employers with their reporting requirements.

1. Which Employers Must Report? At this time, only Applicable Large Employers (“ALE”) are required to provide the Form 1095-C and 1094-C. Generally, an ALE for a calendar year means an employer (or affiliated group of employers) that employed an average of at least 50 or more full-time employees (including full-time equivalent employees) on business days during the preceding calendar year. The regulations for identifying which employers are ALEs are complex. More guidance is available to employers in the Instructions for Form 1095-C, and in IRS Regulations § 54.4980H-1 to § 54.4980H-2.

2. Do Simplified Rules Apply for Reporting Multiemployer Plan Coverage? Yes, for 2016. Under interim relief, an employer is treated as offering coverage to an employee if the employer is required by a collective bargaining agreement or related participation agreement to make contributions to a multiemployer plan, provided the plan: (1) covers eligible employees and dependents; (2) provides minimum value; and (3) provides coverage that is affordable. *If the plan satisfies these requirements, the employer is treated as if it offered coverage to an employee for each month in which the employer was required to contribute to the plan on the employee’s behalf.*

The relief only applies to coverage under a multiemployer plan. If an ALE also provides coverage to certain employees in another plan that is not a multiemployer plan, the interim relief is not used for reporting coverage in that other plan.

The Trust can confirm that it is a multiemployer plan that provides coverage to the employee and the employee’s dependent children, the coverage constitutes minimum essential coverage, and the coverage provides minimum value. Accordingly, if the coverage is affordable (as determined by the employer), contributions to the Trust will satisfy the multiemployer plan interim relief.

This is the case regardless of whether the contributions are paid to the Trust under a collective bargaining agreement (for bargaining unit employees) or under a participation agreement (e.g. Associate Agreement) for non-bargaining employees.

Pursuant to the Form 1095-C Instructions, if the employer's contributions to the plan satisfy the multiemployer interim relief, an employer should complete Part II, Line 14 of the Form 1095-C by entering Code 1H – “No Offer of Coverage” for each month the employer is required to contribute to a multiemployer plan. An employer then enters code 2E on Line 16 for each corresponding month.

3. Is coverage under the Trust “affordable”? The Trust receives required contributions from an employer for each participating employee. The allocation of the contributions between the employer and employee, if any, is set by the applicable collective bargaining agreement. The Trust does not necessarily know what portion of the plan cost is being paid by the employer and therefore cannot confirm whether coverage is “affordable.”

Coverage is “affordable” if no full time employee is required to pay more than 9.5% of his/her “household income” for self-only coverage under the employer's lowest-cost option that provides minimum value. Because an employer generally will not know the taxpayer employee's household income, IRS regulations set forth three separate safe harbors under which an employer could determine affordability based on information that is readily available to the employer. These three safe harbors are: (1) the Form W-2 wages safe harbor; (2) the rate of pay safe harbor; and (3) the federal poverty line safe harbor. If an employer meets the requirements of the safe harbor, the offer of coverage is deemed affordable.

For assistance in applying these rules, please contact your legal or tax advisor.

4. Will the Trust Send Form 1095-B to the employer's employees? Yes. The Trust will provide Form 1095-B (which reports whether the employee and any dependents have coverage) to employees participating in the Trust's self-funded medical plan. Copies of Form 1095-B will not be provided to employers.