



Los Angeles Machinist Benefit Trust

1325 N. GRAND AVE • STE 200 • COVINA, CA 91724

Date: August 17, 2015

To: Contributing Employers to the Los Angeles Machinist Benefit Trust

From: Board of Trustees

Re: Important Information Regarding IRS Employer Reporting Requirements (IRS Forms 1094-C and 1095-C)

This notice provides helpful information for employers who participate in the Los Angeles Machinist Benefit Trust (LAMBT or Trust) on behalf of some or all of their employees, with regard to new annual employer reporting requirements imposed by the Affordable Care Act (ACA).

Under the ACA, “large employers” (those with over 50 full-time employees or equivalents) are now required to report to the Internal Revenue Service (IRS) certain information about health coverage offered to their employees. This reporting obligation kicks in in early 2016, and will require reporting in early 2016 (via IRS Forms 1094-C and 1095-C) on coverage offered by the employer in the previous year (the first year being 2015).

Interim guidance issued by the IRS provides that a contributing employer to a qualifying collectively-bargained multiemployer health plan, such as the LAMBT, will be treated as having met its obligations to offer health coverage under the ACA with respect to a full-time employee if the employer is required by a collective bargaining agreement (or other agreement) to contribute on behalf of that employee to a multiemployer plan that (1) provides “minimum essential coverage” to individuals who satisfy the plan’s eligibility conditions, (2) meets “affordability” and “minimum value” requirements, and (3) offers coverage to that employee’s dependent children to age 26.

This notice provides information that the Trust believes it can lawfully provide to employers, based on current federal guidance, regarding health care eligibility and coverage provided to your employees, for purposes of the employers’ required reporting to the IRS. It is the sole responsibility of each employer to determine whether and how the new IRS reporting requirements apply to it.

The Trust is not in a position to complete forms, or handle the filing of any reports or furnishing of any statements on behalf of any contributing employer. Moreover, the Trust is not responsible for any penalties that may be assessed for reporting or furnishing statements in accordance with IRS requirements. The Trust is expecting additional guidance from the government on what information it may share with participating employers. Currently there is concern that federal HIPAA rules prevent the Trust from sharing “protected health information” about specific plan participants and beneficiaries. Our current understanding is that the Trust cannot provide information about specific individuals to assist your company with meeting its IRS reporting requirements.



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However, on August 6, 2015 the IRS released **DRAFT** instructions for Forms 1094-C AND 1095-C which appear to provide useful interim relief for employers participating in collectively-bargained multiemployer health plans. These draft instructions indicate that, at least in 2016 (for reporting on 2015), employers who contribute to the LAMBT and are relying on IRS interim guidance on multiemployer arrangements, will NOT be required to report information on whether affected individuals were offered or eligible for coverage in months, only whether or not the employer contributed to the qualifying multiemployer plan on behalf of the employee for such month. The draft instructions for Form 1095-C state:

“For reporting offers of coverage for 2015, an employer relying on the multiemployer arrangement interim guidance should enter code 1H on line 14 for any month for which the employer enters code 2E on line 16 (indicating that the employer was required to contribute to a multiemployer plan on behalf of the employee for that month and therefore is eligible for multiemployer interim rule relief). For reporting for 2015, Code 1H may be entered without regard to whether the employee was eligible to enroll in coverage under the multiemployer plan. For 2016 and future years, reporting for offers of coverage made through a multiemployer plan may be reported in a different manner.”

Accordingly, we provide you with the following information about LAMBT coverage:

1. Calendar Year Plan. The Trust is considered a “calendar year” plan.
2. Affordability. Medical plan coverage available to eligible participants and beneficiaries under the Trust is considered “affordable” under the ACA, assuming the contributions received from the employer cover the cost of the benefits provided.

The Trust does not have specific knowledge of employee payroll deductions for bargaining unit employee coverage that may be required. If employees are required to contribute for the cost of LAMBT coverage, it is up to the employer to determine if coverage is “affordable,” because the Trust does not charge the employees for their benefits. However, the Trust may be able to assist you in determining whether coverage is “affordable,” provided you furnish the Trust with needed information on a timely basis. (Generally speaking, under current IRS guidance multiemployer plan coverage will be considered “affordable” if the covered employee’s required contribution toward self-only health coverage under the plan does not exceed 9.5% of the employee’s wages. Other “safe harbor” measures of affordability may also be considered.)

3. Minimum Essential Coverage. The Trust provides medical plan coverage that is considered “minimum essential coverage,” as defined in the ACA.



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4. Minimum Value. All medical plan options under the Trust meet or exceed the 60% “minimum value” standard of the ACA.
5. Eligibility Requirements. The eligibility requirements for bargaining unit coverage through the Trust are generally: an active employee and his or her eligible dependents, including spouse and dependent children to age 26, are eligible for the month provided the employer has made the required contribution and the contribution has been received for that month. The Trust is not aware of any waiting periods the employer may have. Individuals who elect COBRA coverage may temporarily continue eligibility.
6. Multiemployer Plan Transition Relief. The Trust anticipates that your company qualifies for multiemployer plan transition relief rule under the ACA and IRS interim guidance. Generally, your company will qualify for this relief if your company was required by a collective bargaining agreement or other agreement to make contributions, with respect to some or all of its employees, to the Trust, which is a multiemployer plan that offers, to individuals who satisfy the health plan’s eligibility conditions, coverage that is affordable and provides minimum value, and that offers coverage to those individuals’ dependent children.

This notice is not intended to offer legal or tax advice on the employer mandate or the reporting requirements under the ACA. The Trust will continue to monitor changes in the regulatory environment, but is not responsible for advising employers of future changes in the group health plan rules, and how those changes might affect compliance with the ACA or other applicable state or federal laws. The information herein is believed to be correct under current guidance; however, the accuracy of the information may be affected by subsequent developments. Satisfaction of the various requirements will be subject to interpretation by the government agencies responsible for enforcing the ACA. The rules concerning Employer Shared Responsibility are detailed, complex, evolving, and subject to interpretation; therefore, readers should seek independent advice concerning compliance with the ACA. The Trust shall not be responsible for any errors, omissions, or consequences arising from interpretation of the information contained in this notice.