

Sheet Metal Workers' Health Plan

OF SOUTHERN CALIFORNIA, ARIZONA & NEVADA

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Frequently Asked Questions Regarding Affordable Care Act (ACA) Employer Reporting (IRS Forms 1095-B and 1095-C)

The Affordable Care Act (ACA) provides that a contributing employer to a multiemployer plan will be treated as having met its obligations to offer health coverage under IRC Section 4980H with respect to a full-time employee if the employer is required by a collective bargaining agreement - CBA (or appropriate related participation agreement) to contribute on behalf of that employee to a multiemployer plan that provides minimum essential coverage (MEC) to individuals who satisfy the plan's eligibility conditions, meeting the affordability and minimum value requirements and that offers coverage to those individuals' dependent children to age 26. The following Frequently Asked Questions (FAQ) provides some additional information.

1. Who are eligible individuals for medical coverage under the Sheet Metal Workers' Health Plan of Southern California, Arizona, and Nevada (define eligibility)?

Response: Employees who work in covered employment under the CBA for whom the employer is obligated to pay contributions to the Health Plan, and their eligible spouses and dependent children to age 26. Individuals who elect COBRA coverage may temporarily continue eligibility.

2. Does the Health Plan extend coverage to eligible participants' children through the end of the month in which the child turns age 26? If no, is the Health Plan eligible for the Section 4980H transition relief regarding offers of coverage to dependents?

Response: Yes, the Health Plan provides coverage to eligible dependent children to the end of the month in which the child turns age 26.

3. Please confirm that the Health Plan will provide IRS Form 1095-B to every employer's employees covered under the Health Plan for coverage beginning with calendar year 2015.

Response: The Administrative Office for the Plan will provide Form 1095-B to participants with self-insured fee-for-service/PPO medical coverage under the Plan. The carriers (HMOs) will be responsible for providing Form 1095-B to participants with insured medical coverage.

4. Please confirm whether the plan administrator will file IRS Form 1095-C for full-time employees who are covered by a collective bargaining agreement, eligible under the Health Plan, and on whose behalf an applicable large employer contributed to the Health Plan.

Response: No. Completion and submission of IRS Form 1095-C is the employer's responsibility.

5. Please confirm that the Health Plan will provide the information necessary to assist employers with the preparation of Form 1095-C.

Response: Pending additional guidance from the government, we are advised that the

Health Plan cannot provide information about specific participant and beneficiary health plan enrollment and coverage, to assist employers with preparing Form 1095-C, due to federal HIPAA law restrictions on sharing "protected health information" (PHI). However, we can advise you that for reporting in 2016 (on health plan coverage in 2015), employers who contribute to the Health Plan 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 IRS's final 2015 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 or enrolled in coverage under the multiemployer plan. For reporting for 2016 and future years, [employers] relying on the multiemployer arrangement interim guidance may be required to report offers of coverage made through a multiemployer plan in a different manner."

INFORMATION ABOUT AFFORDABILITY, MINIMUM ESSENTIAL COVERAGE, AND MINIMUM VALUE

6. For the 2015 plan year, will the Health Plan offer all eligible employees medical plan coverage that is "affordable coverage," based on published governmental guidance?

Response: Yes, at this time, the Health Plan's coverage is "affordable" under the ACA.

7. Does the Health Plan provide "minimum essential coverage"?

Response: Yes, at this time, the Health Plan provides medical plan coverage that is considered to be minimum essential coverage, as defined in the ACA.

8. Does Health Plan coverage provide "minimum value"?

Response: Yes, at this time, all medical plan options under the Health Plan meet or exceed the 60 percent minimum value standard.

9. Does Health Plan coverage provided to my employees qualify my company for multiemployer plan transition relief?

Response: Yes, the Health Plan anticipates that your company qualifies for the multiemployer plan transition relief rule under the ACA. Generally, your company will qualify for this relief if your company was required by a collective bargaining agreement or an appropriate related participation agreement to make contributions, with respect to some or all of its employees, to the Health Plan, which is a multiemployer plan that offers, to individuals who satisfy the Plan's eligibility conditions, coverage that is affordable and provides minimum value, and that offers coverage to those individuals' dependent children.

OTHER PLAN INFORMATION

10. Is the Health Plan a non-calendar year plan? If yes, we may need to follow up at a later date for additional information.

Response: No, the Health Plan is a calendar year plan.

11. For purposes of Page 2 of the model Exchange Notice:

Employees eligible for coverage under the Health Plan should contact the Health Plan's Eligibility Department at 800-947-4338 to inquire about their health coverage.

These responses to frequently asked questions are not intended to offer legal or tax advice on the employer mandate or the reporting requirements under ACA. The Health Plan 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 Health Plan shall not be responsible for any errors, omissions, or consequences arising from the interpretation of the information contained herein.