



# Airconditioning And Refrigeration Industry Joint Trust Funds

3500 W. ORANGEWOOD AVENUE, ORANGE CA 92868 • PHONE: (714) 917-6100 • FAX: (714) 917-6065

**TO: Employers Contributing to the Airconditioning and Refrigeration Industry Health and Welfare Trust Fund**

**RE: Reporting Requirements under the Affordable Care Act (ACA) - IRS Forms 1094-C and 1095-C**

The ACA generally imposes penalties on certain "large" employers that do not offer to employees and their dependents *minimum essential coverage* that is *affordable* and of *minimum value*. Under what is commonly referred to as the "multiemployer plan transition rule," an employer will not be subject to these penalties if the employer is required by a collective bargaining agreement (or appropriate related participation agreement) to contribute, with respect to some or all of its employees, to a multiemployer plan that offers coverage that meets these requirements. It is important to note that the multiemployer transition rule only applies with respect to the employees on whose behalf the employer is required to contribute to the plan.

The ACA requires contributing employers that are subject to the ACA (as well as multiemployer health plans) to file certain annual reports to the IRS to demonstrate compliance with ACA rules. The first such report will be due in early 2016 and will reflect coverage offered to employees and plan participants in 2015. Employers will report on IRS Forms 1094-C and 1095-C. This notice addresses certain questions employers may have regarding the Airconditioning and Refrigeration Industry Health and Welfare Trust Fund (the "Plan") in connection with these IRS forms. **Note that this notice is not a comprehensive guide to employer filing requirements, and employers will need to review Forms 1094-C and 1095-C and the instructions to those forms.**

1. Will the Plan prepare IRS Forms 1094-C and 1095-C to report offers of coverage to contributing employers' employees?

Response: No. The Plan will not handle the filing of Forms 1094-C and 1095-C. Completion and submission of IRS Forms 1094-C and 1095-C are the employer's responsibility.

2. Will the Plan provide the information necessary to assist employers with the preparation of IRS Forms 1094-C and 1095-C?

Response: Yes, this notice is intended to provide employers with information needed to prepare Forms 1094-C and 1095-C. It was previously thought that employers would need to obtain participant-specific enrollment and eligibility data from the multiemployer health plans to which they contribute to be able to complete these forms. However, based upon recent guidance issued by the IRS, for those employees for whom the multiemployer plan transition rule applies, employers will no longer need participant-specific information. Employers will, however, need the general information provided in the following Q&As.

3. For the 2015 plan year, will the Plan offer all active eligible employees medical plan coverage that is "affordable" as defined in the ACA?

Response: Yes.

4. Does the Plan provide "minimum essential coverage," as defined in the ACA?

Response: Yes.

5. Does Plan coverage provide "minimum value," as defined in the ACA?

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

6. Does the Plan extend coverage to eligible participants' children through the end of the month in which the child turns age 26?

Response: Yes.

7. Is the Plan a calendar year plan?

Response: Yes.

8. What information will the Plan provide to Plan participants?

Response: Consistent with Section 6055 of the Internal Revenue Code, the Plan will provide Form 1095-B to individuals enrolled under the Fee-For-Service Plan. Participants enrolled in either of the HMOs offered by the Plan (Blue Shield of California or Kaiser) will receive a Form 1095-B directly from the HMOs. The Plan (or the HMOs, as applicable) will also file Forms 1094-B and 1095-B with the IRS with respect to Plan coverage.

9. What are the penalties for submitting incomplete or incorrect reports?

Response: According to the final 2015 instructions for Forms 1094-C and 1095-C, the IRS will not impose penalties on reporting employers that can show that they have made good faith efforts to comply with the reporting requirements. Generally, relief is provided from penalties for reports filed in 2016 with incorrect or incomplete information for the 2015 year. No relief is provided if the employer cannot show a good faith effort to comply with the reporting requirements or if the employer fails to timely file a report. However, consistent with existing information reporting rules, employers that fail to timely meet the requirements still may be eligible for penalty relief if the IRS determines that the standards for reasonable cause under Internal Revenue Code Section 6724 are satisfied. See the 1094-C and 1095-C instructions for more detailed information

*For more specific information on employer reporting requirements, please review the final 2015 Forms 1094-C and 1095-C (along with their instructions) with your attorneys and advisors. You may obtain copies of the forms and instructions at [www.irs.gov](http://www.irs.gov).*

*The information provided in this notice is not intended as legal or tax advice regarding the employer mandate or the reporting requirements under the ACA, and the Plan is not responsible for providing any such advice. The Plan also is not responsible for any penalties that may be assessed in connection with the reporting requirements under Internal Revenue Code Section 6056. The information contained herein is believed to be correct under current guidance; however, the accuracy of the information may be affected by subsequent developments.*

*If you have further questions about Plan benefits, please contact: Grace Lim (714) 917-6114 [glim@acrtrust.org](mailto:glim@acrtrust.org) or Kristi Wagner (714) 917-6116 [kwagner@acrtrust.org](mailto:kwagner@acrtrust.org).*