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Kristin O'Brien, LMSW, CEBS
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395 Hudson Street
New York, NY 10014
Telephone: (212) 366-7300

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MEMORANDUM

To: Contributing Employers

From: NYCDCC Welfare Fund

Date: January 23, 2025

Re: Patient Protection and Affordable Care Act of 2010:
2025 Reporting Requirements for 2024 Health Coverage

This memorandum summarizes upcoming reporting requirements under the Patient Protection and Affordable Care Act of 2010 (the "ACA"). Contributing Employers who are subject to reporting requirements under the ACA need certain information concerning the coverage provided by the New York City District Council of Carpenters Welfare Fund (the "Welfare Fund"). Although the penalty imposed on individuals for not having health coverage (called the "individual shared responsibility payment") is currently zero, the Welfare Fund and Employers are still subject to health coverage reporting requirements. Note that there have been recent changes to some of the requirements. This memorandum provides information needed for 2025 reporting of 2024 coverage.

A. Applicable Large Employer Reporting Requirements: Forms 1094-C and 1095-C

Since 2016, the ACA has required that certain employers provide annual statements to employees and the IRS about health care coverage provided in the previous calendar year. The IRS uses the reported information to determine which employers are subject to a penalty for not providing coverage to their full-time employees, and which individuals qualify for a subsidy for coverage purchased through the Marketplace.

Not all Contributing Employers are subject to the ACA's reporting requirements. Employers that are subject to these requirements – called "Applicable Large Employers" ("ALEs") under the law – are those employers who had 50 or more full-time employees (including full-time equivalent employees) in the previous year. The ACA previously required ALEs to automatically distribute a Form 1095-C to each employee who was a full-time employee of the ALE for any month of the calendar year. ALEs must use Form 1094-C to report to the IRS summary information for each ALE and to transmit Forms 1095-C to the IRS.

Pursuant to a new law that was enacted in December 2024, ALEs are no longer required to automatically distribute Form 1095-C to all employees. Rather, subject to the ALE providing a

website notice that the employee may request a copy of Form 1095-C, the ALE only has to provide Form 1095-C upon request. Note that the change in the law does **not** affect (1) any applicable reporting requirements imposed by state law, or (2) the requirement to file Forms 1094-C with the IRS.

The IRS has issued final Forms and final Instructions on these reporting requirements which are available on the IRS's website. **In accordance with the IRS's Instructions, and consistent with the rules in effect in previous years, an ALE does not need to know whether a specific employee actually had coverage under the Welfare Fund for any particular months during the year. Instead, the only information that an ALE needs from the Welfare Fund is whether the Welfare Fund's coverage provides minimum value, offers dependent coverage, and is affordable. The Welfare Fund satisfies each of these tests.**

1. MINIMUM VALUE

The health benefits offered by the Welfare Fund exceed the 60 percent minimum value standard.

2. DEPENDENT COVERAGE

The Welfare Fund offers coverage to eligible participants and to the following dependents:

- spouses,
- dependent children to end of the month in which they reach age 26,
- dependent parents who meet certain requirements, and
- disabled adult children who meet certain requirements.

3. AFFORDABILITY

Active Participants do not pay premiums to the Welfare Fund for coverage; therefore, coverage under the Welfare Fund satisfies the affordability test under the ACA. (If coverage is provided under a participation agreement and the ALE charges the employee a portion of the cost of coverage, the ALE will need to assess affordability.)

In sum, ALEs do not need any participant-specific information about whether an individual had coverage under the Welfare Fund during 2024. Because such information is not required to satisfy reporting requirements and, due to HIPAA restrictions, the Welfare Fund will not respond to requests for participant-specific information.

The IRS's Instructions provide information about the codes that should be entered on Form 1095-C to indicate that the ALE was required to contribute to a multiemployer plan on behalf of an employee for that month. For more information, please refer to the IRS's Instructions or seek professional guidance.

An ALE who does not intend to avail itself of the option to forego automatically providing Form 1095-C to all employees must furnish a Form 1095-C to each of its full-time employees by March 3, 2025. If the ALE elects to use the alternative website posting option, the notice of availability must be posted on the ALE's website by January 31, 2025. All ALEs must file with the IRS Forms 1094-C and 1095-C by February 28, 2025 if filing on paper (or March 31, 2025 if filing electronically). (Employers who are required to file 10 or more information returns must file electronically.)

B. Welfare Fund Reporting Requirements: Forms 1094-B and 1095-B

Since 2016, the ACA has required that providers of minimum essential coverage, such as the Welfare Fund, report information to individuals to report on their income tax return that the individual, their spouse, and their dependents had qualifying health coverage (referred to as “minimum essential coverage”) for some or all months during the year. The Welfare Fund was previously required to (a) automatically distribute a Form 1095-B to participants and (b) use Form 1094-B to report the required information to the IRS and to transmit the Forms 1095-B. However, for the last several years, health coverage providers, such as the Welfare Fund, have not been required to automatically furnish the Form 1095-B to participants, provided that the coverage provider satisfies certain conditions. As such, except for residents of certain states which have their own reporting requirements, such as New Jersey, the Welfare Fund will only be providing Form 1095-B to participants who submit a written request for a copy of Form 1095-B. The Welfare Fund will continue to mail Form 1095-B to residents of states with their own reporting requirements by March 3, 2025. The Welfare Fund will electronically file Forms 1094-B and 1095-B with the IRS by March 31, 2025.

The Welfare Fund is unable to provide legal, tax or other advice as to Contributing Employers’ compliance obligations under the ACA. Employers should contact their legal or tax advisors regarding their responsibilities under the ACA.