

ACA reporting tip 16: Line 16 – Union employees

October 2015

Union employees generally receive their health coverage from one of two sources:

An employer-sponsored health plan (either the same plan as the non-union employees or a separate plan for the union employees)

A union-sponsored health plan (which typically requires the employer to make a contribution to the union plan on the employees' behalf)

In either case, the employer is responsible for completing §6056 reporting (1094C and 1095C Part II) for the union employees. The §6055 reporting will be done either by the insurance company (in the case of a fully-insured employer sponsored plan); the employer (in the case of a self-funded employer sponsored plan); or the union (in the case of a union sponsored plan).

Union employees eligible for coverage on an employer-sponsored plan are reported on the 1094C/1095C exactly the same as any other employee.

But union employees eligible for coverage on a union-sponsored plan (a/k/a multi-employer plan, or Taft-Hartley plan) are subject to unique reporting rules.

Union-sponsored plan

Facts

Crayne Construction employs approximately 25 office employees who are non-union. The non-union employees are offered health coverage on Crayne's own employer-sponsored health plan.

In addition, Crayne employs construction workers, all of whom are members of the Builder's Union. Crayne employs approximately 50 union construction workers year round on a full-time basis, but also employs anywhere from 40-50 additional union workers for various periods of time throughout the year, depending on workload.

Under the terms of the collective bargaining agreement (CBA) with the Builder's Union, the union employees participate in the Builder's Union health plan. Crayne is required to make a contribution to that plan for each employee based on the number of hours the employee worked that month. Other than submitting its required contribution, Crayne has no involvement in the union plan — Crayne does not know which union employees are eligible for or enrolled in the union plan; how much union employees pay for that coverage, if anything; or any of the details of the plan benefits.

Crayne uses the look-back measurement method to determine Affordable Care Act full-time (ACA-FT) status. Ian is one of Crayne's year round construction workers and is ACA-FT for all of 2015.

Crayne makes a contribution to the Builder's Union health plan on Ian's behalf during each calendar month in 2015.

Julia is a construction worker brought in for a project starting in March 2015 that is expected to last until September. Julia is expected to work 40+ hours per week on this project so she is classified as a full-time new hire. Julia is released in September 2015 when the project is complete. Julia did not work enough hours to require Crayne to make a contribution to the Builder's Union health plan in March, but Crayne was required to make a contribution on Julia's behalf for April — September 2015.

Reporting

The "play or pay" regulations contain a special rule for union-sponsored plans called multiemployer arrangement interim guidance or relief (multiemployer relief). Under this relief, as long as an employer is required by the terms of a CBA to make a contribution to a union plan on behalf of a union employee for a given month, the employer will not be subject to a "play or pay" penalty for that month.

For 2015, it doesn't matter whether the employee is actually eligible for or enrolled on the union plan. As long as the employer makes a contribution to the union plan for a given month, the employer can claim multi-employer relief (the IRS has hinted that in future years the employer may have to verify additional information about the union plan before claiming multi-employer relief).

1095C

During any month in which the employer can claim multi-employer relief for an employee, that employee's 1095C is completed as follows:

Line 14: Code 1H (No coverage offered - because the employer did not offer coverage on its own employer-sponsored health plan).

Line 15: Blank (Code 1H entered on Line 14)

Line 16: Code 2E (multi-employer arrangement interim relief)

During any month in which the employer cannot claim multi-employer relief (e.g. no contribution was made to the union plan for that month) the 1095C is completed using whatever other codes would normally apply.

Ian

Crayne made a contribution to the union plan on Ian's behalf for all 12 calendar months in 2015, so Crayne can claim multi-employer relief for the entire year on Ian's 1095C.

Part II Employee Offer and Coverage							Plan Start Month (Enter 2-digit number):						
	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
14 Offer of Coverage (enter required code)	1H												
15 Employee Share of Lowest Cost Monthly Premium, for Self-Only Minimum Value Coverage	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
16 Applicable Section 4980H Safe Harbor (enter code, if applicable)	2E												

Julia

By contrast, Crayne only made a contribution to the union plan on Julia's behalf during the months of April — September so they can only claim multiemployer relief for those months. The remaining months must be coded as normal.

Line 14: Code 1H. Julia was not offered coverage on Crayne's employer-sponsored health plan during any month of the year.

Line 15: Blank (Code 1H entered on Line 14)

Line 16: Julia was not employed in the months of January, February, October, November and December so Code 2A applies during those months; Julia's first month of employment (March) is a limited non-assessment period so Code 2D applies for that month; the remaining months Crayne made a contribution to the union plan so Code 2E applies for those months.

Part II Employee Offer and Coverage							Plan Start Month (Enter 2-digit number):						
	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
14 Offer of Coverage (enter required code)	1H												
15 Employee Share of Lowest Cost Monthly Premium, for Self-Only Minimum Value Coverage	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
16 Applicable Section 4980H Safe Harbor (enter code, if applicable)		2A	2A	2D	2E	2E	2E	2E	2E	2E	2A	2A	2A

Note that in this example Julia is a full-time new hire and must be issued a 1095C because she was ACA-FT during at least one calendar month in the year. If Julia had not been ACA-FT during any month in the year (e.g. if she could have been classified as a variable hour new hire so she was in a limited non-assessment period during her entire period of employment) Crayne would not have to issue a 1095C to Julia at all, even though contributions were made to the union plan on her behalf.

1094C

When an employer claims multi-employer relief for a particular employee, the employer reports on the 1095C that the employee was not offered coverage (Line 14, Code 1H). By contrast, on the 1094C, the employer reports that employee as though they were offered coverage.

In particular, Form 1094C Part III column (a) asks you to identify whether you offered coverage to 70% of your ACA-FT employees for a given month. A union employee who is ACA-FT for a given month is included in the denominator of this calculation because they are ACA-FT. But were they offered coverage so you can include that employee in the numerator of the 70% calculation?

If you can claim multi-employer relief for a union employee in a given month, then you treat that employee as though they were offered coverage in the numerator of the 70% calculation. This is true even though you didn't offer that employee coverage on your plan and you are reporting that the employee was not offered coverage on Line 14 of the employee's 1095C.

For example, assume that in March 2015, Crayne had 110 employees:

25 non-union office employees who were all ACA-FT and were offered coverage on Crayne's employer sponsored plan for that month

65 union construction employees who were ACA-FT and for whom a contribution was made to the union plan for that month (Ian is in this group of employees)

10 union construction employees who were ACA-FT but for whom no contribution was made to the union plan for that month because they did not work enough hours

10 union construction employees who were in a limited non-assessment period for the month and for whom no contribution was made to the union plan for that month because they did not work enough hours (Julia is in this group of employees)

The 10 union employees in a limited non-assessment period for March are not ACA-FT for purposes of 1094C Part III column (a) so Crayne had 100 ACA-FT for the month of March.

The 25 non-union employees were all offered coverage on Crayne's own health plan. The 65 ACA-FT union employees for whom a contribution was made to the union plan are treated as though they were offered coverage by Crayne, even though their 1095C says they were not (Line 14, Code 1H). Finally, the 10 ACA-FT union employees for whom a contribution was not made to the union plan were not offered coverage. Therefore Crayne offered coverage to $(25 + 65) \div 100 = 90\%$ of its ACA-FT employees for March and can check the Yes box in 1094C Part III column (a).