



DATE: April 28, 2011

TO: **ALL EMPLOYERS AND LOCALS SIGNATORY TO AN AGREEMENT REQUIRING THE HEALTH PLAN C CAPP RATE AS AN EMPLOYER CONTRIBUTION AMOUNT**

**POLICIES AND GUIDELINES REGARDING NEW AND SUCCESSOR
AGREEMENTS AND CONTRIBUTION REMITTANCE**

The Board of Trustees of the IATSE National Health & Welfare Funds (the “Health Fund”) has recently established certain policies and guidelines regarding collective bargaining agreements (“agreements”) that use the Health Plan C CAPP rate as an employer contribution rate. Provisions in any new or successor agreements using a CAPP rate as the contribution rate that do not adhere to these policies and guidelines will not be approved.

Following the section regarding agreement language are several important reminders regarding the remittance reports that need to be submitted with the contributions checks.

AGREEMENT LANGUAGE REQUIREMENTS

- (1) The employer contribution rate in the agreement must be the actual CAPP rate or a set percentage of the actual CAPP rate (or other specified actual flat dollar amount.)
 - Unless set forth as a dollar amount or a specific date is set forth, any mention of the CAPP rate will be assumed to mean the current CAPP rate on the effective date of the contract.
- (2) The contract must state that the contributions will be submitted on behalf of all covered employees for all covered work performed.
 - Note that the employer contributions are not insurance premiums – and the agreement should not state that they are premiums.
 - Regardless of qualifying cut-off dates and coverage start dates, no contributions may be submitted in advance for prospective covered work (i.e., before it is performed by the employee) unless previously approved by the Board of Trustees.



(3) The agreement must specify which level of CAPP rate will be submitted (C-1, C-2 or C-3.)

- All covered employees must receive contributions at the same CAPP level, with the exception that different levels may only be specified in the agreement for:
 - Single or family (see item (6) below),
 - Different classifications (job category) or
 - Other acceptable criteria based on time worked (such as full-time or part-time)

If you are unsure whether a certain criteria would be acceptable, please contact the Contracts Department at the Fund Office.

- Separate contribution rates for individual employees are not acceptable. In that connection, the contribution rate for an individual is NOT to be determined based on the level of coverage selected nor will that information be made available to the Employer.

(4) The agreement must specify that any increases to the employer contribution rate(s) are to be the same as any increases to the respective CAPP rates as set by the Board of Trustees during the term of the agreement (or proportional if the initial contribution rate set forth is a percentage of the CAPP rate). It must also specify that the Employer will submit the increased contribution rate to be received by the Health Fund by the quarterly cut-off date in order to be available to the participant on the date coverage begins at the increased rate.

- Note that the cut-off dates for receipt of contributions are as follows:
 - For **January 1st** coverage: Contributions received by prior **October 31st**
 - For **April 1st** coverage: Contributions received by prior **January 31st**
 - For **July 1st** coverage: Contributions received by prior **April 30th**
 - For **October 1st** coverage: Contributions received by prior **July 31st**
- So, for example, if the rate increases for the April 1st coverage quarter, the amount available to the participant includes all contributions received by January 31st. Assuming the quarterly contributions are submitted monthly, in order for the participant to have the full amount due for the April 1st coverage, the increased monthly amount would need to start being received by the Health Fund the previous November (for work performed in October) so that by the cut-off date of January 31st, three months of contributions at the increased rate will have been received.



Any provision regarding such increases may not limit a contribution increase to a percentage of any increase to the respective CAPP rates and may not set a limit to the increases on a rolling time basis (e.g., it is NOT acceptable for the agreement to state: “The Employer will pay 50% of any increase to the CAPP rate set by the Board of Trustees not to exceed 10% of the CAPP rate in any rolling twelve month period.”)

- (5) Any additional payments that are to be submitted for new employees to commence coverage (also known as “balloon payments”) must be specified in the agreement, and must be noted as a one-time additional payment separate and apart from any regular employer contributions due.
- These are not and will not be considered advanced payments (see notes to (1) above). Again, contributions paid as a balloon payment do not replace contributions due for work performed.
 - a) For example, for a new employee who started in April, no contributions would be due for covered work performed in April until May. However, the cut-off for July 1st coverage is April 30th, so an initial one-time balloon payment equivalent to three months of regular contributions is made by April 30th in order for this new employee to get coverage on July 1st (instead of having to wait for October 1st).

This “balloon” payment contribution would not be for work performed in April, May and June, since the contributions for April are not due until May and the May and June work was not yet performed. It is *in addition* to the normal contributions; the normal contributions for work performed in April would still be submitted in May (together with the contributions for all of the other employees who performed covered work in April) and the contributions for May and June would still be due after they are actually worked.
 - b) A balloon payment can only be in the amount that will give the employee the full quarterly C level specified in the contract (e.g., using the example in (a) above, the *equivalent* of an extra two months.)
 - Note that any balloon payment submitted will not be refunded if the employee should leave the employ of the Employer. Also note that any balloon payment submitted without accompanying language in the agreement will only be accepted upon approval by the Board of Trustees.

In that connection, if the Employer is going to pay the initial \$150 Administrative Fee on behalf of the employees, that obligation must also be so stated in the agreement.



- (6) Other than setting forth contributions on a single or family basis, there can be no language allowing individual employees any option with regard to coverage level or opting out of the health plan completely.
 - The criteria for determining which employees are eligible for the family rate must be determined by the parties. It cannot be based on what coverage the employee actually elects nor can that information be provided to the Employer.

IMPORTANT REMITTANCE REPORT REMINDERS

- (1) As with any remittance report, all reports submitted must contain the signatory Employer name and information, production or venue and the name and social security number of each employee on whose behalf a contribution is being made. Please see the Contributions & Collections Handbook at www.iatsenbf.org for the full list of all requirements.
- (2) If contributions are being made at both a family and single rate, *a separate report must be done for each rate*. No report should contain more than one contribution rate.
- (3) Remember that since the contribution is based on covered work performed, the work dates must be included. For example, if paid monthly, the report submitted in April might say, "Work Period: March 2011" or if paid quarterly, the report for April might say, "Work Period: January 1, 2011- March 31, 2011"

NOTE: Attached is a copy of the Fund Notice sent regarding the Health Plan C CAPP rates for the October 1, 2011 health coverage quarter, which includes increases to the rates of both the C-1 and C-2 levels.

Depending on what your *current* agreement states regarding when increases are due to be paid, please note that if it is your intention for the full CAPP rate to be available for your employees towards coverage beginning with the October 1, 2011 quarter, the increase must be received by the Fund no later than July 31st.

So, e.g., if you make monthly contributions at the CAPP C-2 rate (which is increasing \$90 per quarter for both the single and family rate), your contribution per employee would need to increase the \$30 per month starting with the reports you submit in May (usually for work done in April). In other words, if you were submitting \$529 as the monthly contribution equivalent to the C-2 single rate, it would need to increase to \$559 starting with your report submitted in May so that the full \$90 increase would be received by July 31st (i.e., an extra \$30 per employee each month in May, June and July.)