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A look inside CMTA's Workers' Compensation Program

California workers' compensation insurance is a roller coaster ride. Your rates and premiums rise and fall with the ever changing market conditions. As a California manufacturer, finding coverage can be a constant challenge.

The California Manufacturers & Technology Association's (CMTA) initial group program began in 2004 to provide a coverage source for manufacturers in California's distressed workers' compensation environment. Participants received a premium discount, which kept them afloat in the volatile conditions. In 2010 CMTA realized we owed our members more than a pricing solution, we needed to deliver value. This meant finding a partner that could help members achieve three objectives:

- ◆ Protect the employees of their manufacturing operations
- ◆ Protect the general public
- ◆ Protect the assets of our member organizations

There are few cost effective insurance options available to you that reach these objectives. CMTA wanted to provide members with long term solutions to California's workers' compensation challenges. To achieve this we needed an insurance carrier partner that was:

1. Committed to California's manufacturing sector.
2. Able to provide loss control services that help reduce the frequency of losses.
3. Providing claims management services that help participants reduce the direct and indirect losses associated with work related injuries.

Why these three? Because workers' compensation rates and premiums are driven by the loss experience of individual manufactures. The impact of your experience modification can either dramatically raise or lower your annual premium.



CMTA is not an insurance company, but we have risk management expertise and a degree of buying power and influence when you collectively band together CMTA members as a risk class. Many industry groups believe the way to capitalize on their common industry nature is to enter the Alternative Risk Transfer (ART) environment. But, these solutions are often risky and require participants to capitalize the selected risk financing treatment. Instead of thinking outside the box, which is risky and unpredictable, CMTA realized that it was important to think inside the box. We looked for a one-stop shopping solution that would provide a premium discount for CMTA members, help members control/reduce their direct and indirect loss costs, meet the compliance requirements of the regulatory bodies that oversee California's workers'

New employer reporting requirements under the health care law

Provided by Ronald G. Guillen with Warren G. Bender Co.

The Affordable Care Act (ACA) created new reporting requirements under Internal Revenue Code (Code) Sections 6055 and 6056. Under these new reporting rules, certain employers must provide information to the IRS about the health plan coverage they offer (or do not offer) to their employees.

These forms are not required to be filed for 2014, but reporting entities may voluntarily file them in 2015 for 2014 coverage.

The employer reporting requirement takes effect in 2016 for 2015 coverage and on Feb. 9th the IRS issued [Publication 5196, Understanding Employer Reporting Requirements of the Health Care Law](#), to help employers prepare for reporting in 2016.

Few changes in final forms

The final versions of the forms do not differ significantly from the draft versions. In general, the final instructions were edited to clarify existing requirements.

However, the final instructions for Forms 1094-C and 1095-C did include a new option for applicable large employers (ALEs) reporting information for nonemployees (such as nonemployee directors, retired employees or nonemployee COBRA beneficiaries) covered under employer-sponsored self-insured health coverage.

Section 6055 forms and instructions

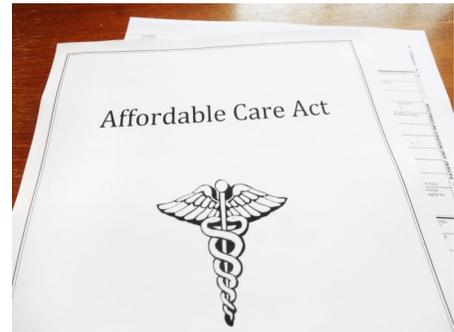
The following forms and instructions are available for use under Section 6055:

- ◆ [Form 1094-B, Transmittal of Health Coverage Information Returns](#)
- ◆ [Form 1095-B, Health Coverage](#)
- ◆ [Instructions for Forms 1094-B and 1095-B](#)

Section 6056 forms and instructions

The following forms and instructions are available for use under Section 6056:

- ◆ [Form 1094-C, Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Return](#)
- ◆ [Form 1095-C, Employer-Provided Health Insurance Offer and Coverage](#)
- ◆ [Instructions for Forms 1094-C and 1095-C](#)



Additional changes in the final instructions

The final instructions also made the following changes and clarifications:

- ◆ The final instructions for Forms 1094-C and 1095-C include a new option for ALEs reporting information for nonemployees (such as nonemployee directors, retirees or nonemployee COBRA beneficiaries). This new option allows employers to report employer-sponsored self-insured health coverage for nonemployees (and their family members).
- ◆ The Employer Identification Number (EIN) *may* be truncated on any statements furnished to employees or individuals, but *not* on any forms filed with the IRS (previously, truncation of EINs was not allowed on any forms).
- ◆ When determining the total employee count for the ALE for purposes of Form 1094-C, Part III, Column (c), an ALE may now choose to use either the first or last day of **the first payroll period** that starts during each month, or the first or last day of each month.
- ◆ All ALEs, including U.S. ALEs, should include a country code with the employee's address in Part I of Form 1095-C.

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Safety training for temporary workers



In response to short term increases in production, many manufacturers make use of contract labor and hire temporary employees to boost their output. But, often times manufacturers fail to realize these employees can represent an operational change that

creates an increased exposure to loss for the organization. Temporary employees often times bring necessary skills to the operation, but they are probably not familiar with the hazards fundamental to your business. Because they're only going to be there for the short-term, the priority is their productivity. Frequently, employers indicate they provide temporary workers with little or no safety training because they are only involved in their operation for a short time.

Even though temporary employees may receive safety training from their agency, you should still provide a safety orientation specific to your workplace. Never assume that the training they received elsewhere is sufficient to address the hazards inherent to your operation. According to the Bureau of Labor Statistics (BLS) the 2.5 million temporary or contingent workers account for about 12 percent of the workplace fatalities reported each year. This is a disproportionately high percentage for this class of employees.

Oftentimes employers believe their contract with the staffing agency transfers all liability for losses associated with injuries to temporary workers to the staffing agency. That may be the case and those types of contractual clauses are practical to protect your business. But employers have a moral responsibility to protect all full-time, part-time and temporary workers associated with your organization.

OSHA on both the federal and California level continue to be concerned about injuries to temporary workers. During inspections Cal/OSHA will ask specifically what type of temporary work assignments might be part of your operation and what safety training is provided to temporary workers. As with all employees, they will evaluate whether or not you provide those temporary workers with safety training in a language they can understand.

If temporary workers are not going to go through the same safety training as regular full-time employees, a practice should be in place to ensure at least the following is completed with temporary employees or contract labor:

- ◆ They are advised as to what to do in the event they are injured on the job.
- ◆ They understand where first aid materials are stored in the area where they are working.

- ◆ The location of eye wash stations, which must be clearly identified, are included in their orientation.
- ◆ They are provided with an overview of chemicals used and stored in their work area including access to the Safety Data Sheets (formerly Material Safety Data Sheets).
- ◆ Your organization provides temporary workers with all required personal protective equipment associated with their work function.

The use of temporary employees is growing part of manufacturing process. They're critical to helping operations meet short-term production increases. Ensuring these workers receive proper safety training will greatly improve the chances that they will not be injured on the job and may keep them from inadvertently injuring someone else. For more information on safety training for temporary employees contact us at wgroup@cmta.net.

continued from "A look inside CMTA's Workers' Compensation Program"

compensation system and deliver a long-term value proposition for managing workers' compensation costs. Accordingly, five years ago CMTA selected CompWest Insurance Company as our workers' compensation partner.

CompWest is a fundamentally sound, California focused workers' compensation specialist. Their success or failure lies with how well they serve California's employers. Like few other insurance carriers, CompWest understands that certain classes of business are more responsive to loss prevention and loss reduction practices than others. Manufacturing is one of those class sectors. Since manufacturers operate within four walls, employee activities are well supervised. This oversight is key to identifying and addressing unsafe acts which are the leading cause of work related injuries. Manufacturing operations tend to be skilled and generally safety conscious. Manufacturers recognize that productivity and safety go hand-in-hand. Providing a safe workplace is an industry-wide priority. CompWest supplies considerable loss control support for their policyholders, and their claims program, *Workers' Compensation With Care*, involves a host of loss reducing protocols such as their *Keep At Work* program.

There are two truths about workers' compensation:

- ◆ First, pricing in workers' compensation seldom means value.
- ◆ Second, no workers' compensation insurance carrier will ever be the lowest price every year.

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CMTA believes CompWest provides answers, support and results regardless of the insurance market cycles. As a CMTA member participating in this program, when you review your renewal consider the quality of the claims management you receive through CompWest and the effectiveness of the loss control service they provide. Their services are focused on managing costs, not just providing benefits. Ask yourself if you have a safer work environment now than before you began working with CompWest? If you consider those benefits and the 5 percent CMTA group discount you receive, it's clear that participating in the CMTA Group Workers' Compensation Program delivers value that helps participants control the long-term cost of workers' compensation.

There is no short-term pricing solution to the long-term California workers' compensation dilemma. But, the CMTA Group Workers' Compensation Program, and CompWest provides the tools to help you maximize your savings regardless of the market conditions.



Dorothy Rothrock was named President of CMTA In January 2015, replacing Jack Stewart who retired after 24 years of service to the Association.

Rothrock joined the Association in 1999 as its energy lobbyist and she quickly filled the vacancy of chief lobbyist in 2000 with the departure of Gavin McHugh, who left to start his own advocacy firm.

Before she joined CMTA Rothrock consulted on energy and telecommunications regulatory issues for industrial energy users, policy advocates, and economic research firms. She began her career at Portland General Corporation as an attorney, moving to management positions in commercial operations, public affairs and power marketing prior to relocating to California in 1990.

Since joining CMTA in 1999, Rothrock worked with her team of lobbyists on issues of importance to manufacturers, including energy, climate change, civil justice, workers' compensation, labor, tax, environmental quality and education.

"The choice was crystal clear on who should take over the leadership of CMTA after Jack announced his retirement," said CMTA Board member and O-I (Owens Illinois) executive Dan Steen. "Dorothy's strategic mind, leadership qualities, grasp of California manufacturing challenges, and relationships with the Capitol community will help keep California manufacturing highly competitive at a time when the rest of the country is fighting so hard to attract investments."

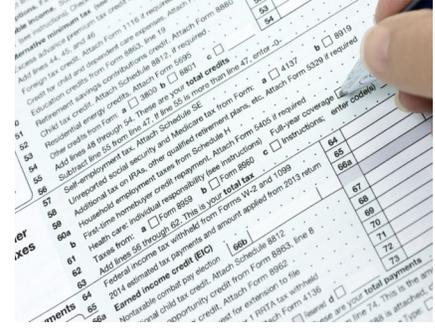
"Jack will be missed, for sure," said CMTA Board member and California Steel Industries executive Brett Guge. "However, we are really fortunate to have Dorothy Rothrock already on board as the obvious successor to the presidency of CMTA. She is well respected in Sacramento and across the state, and she is a great leader and fighter for California manufacturers and the wonderful jobs we provide."

Rothrock graduated from the University of Oregon and Lewis and Clark Law School, joining the Oregon Bar in 1980 and the California Bar in 1997.

CMTA previously announced that Michael Shaw would be replacing Rothrock as the Association's VP of Government Affairs. Shaw started at CMTA in early October.

continued from "New employer reporting requirements under the health care law"

- ◆ An offer of coverage is treated as having been made to an employee's dependents only if the offer of coverage is made to an unlimited number of dependents, regardless of the actual number of dependents (if any) an employee has during any particular calendar month.
- ◆ If spouses (or employee and dependent) are employed by the same ALE, and one employee enrolled in a coverage option that also covered the other employee(s) (for example, family coverage that provided coverage to the other employee spouse and their employee dependent child), the enrollment information should be reflected only on the Form 1095-C for the employee who enrolled in the coverage (but it would report the other employee family members as covered individuals).
- ◆ An ALE is not required to file a Form 1095-C for an individual who, for all months of a calendar year, is either not an employee of the ALE or is in a limited non-assessment period. However, for the months in which the employee was an employee of the ALE, he or she would be included in the total employee count reported on Form 1094-C, Part III, Column (c).
- ◆ For purposes of reporting, an offer to a spouse includes an offer to a spouse that is subject to a reasonable, objective condition, regardless of whether the spouse meets the condition. For example, an offer to a spouse that is available only if the spouse certifies that he or she does not have access to health coverage from another employer is treated as an offer of coverage to the spouse for reporting purposes. (Note that this treatment is for reporting purposes only, and generally will not affect the spouse's eligibility for the premium tax credit if the spouse did not meet the condition and therefore did not have an actual offer of coverage.)



In summary, the new reporting requirements for applicable large employers (ALEs) can be daunting and possibly cumbersome. The individual mandate to purchase health coverage is already in place for the 2014 tax year and now the employer mandate takes effect in 2016. The new reporting forms were developed to help the IRS track employer and employee compliance.

To mitigate the complexity of the reporting process, employers may want to refer to their payroll company, CPA, or insurance broker like Warren G. Bender Co.



Warren G. Bender Co. is one of the largest independently owned brokerages in the Sacramento area and we are proud to provide innovative solutions to our clients in the Western States. Our market position enhances our influence and strategies on behalf of our clients and customers, allowing them to concentrate their time and energy on running successful businesses and leading more fulfilling lives.

Our Mission: Provide protection, superior service and education to those who matter most, Our Customers. Visit us at www.wgbender.com

CMTA MISSION WE FIGHT FOR MANUFACTURERS

CMTA is the only statewide organization dedicated to protecting your ability as a manufacturer, processor or technology based company to operate profitably in California.

We support policies to stimulate economic growth, create new jobs, protect existing jobs and improve the quality of life for all Californians.

Established in 1918, CMTA is headquartered in Sacramento, close to the State Capitol where we also defend against high taxes, red tape and excessive regulations.

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