



January 6, 2016

Dear IATSE National Health & Welfare Fund Plan C MRP and R-MRP enrollees:

The IATSE National Health Fund Plan C-MRP and R-MRP have revised their reimbursement form to require verification that any health care premium for which you are seeking reimbursement was paid on a post-tax basis. Moreover, the Health Fund will *not* reimburse any premiums for other employer or union sponsored group health coverage that you paid for on a *pre*-tax basis. You are required to sign the certification on the Fund's new claim form before your claim can be considered for reimbursement.

In late November 2015, the IRS released a memorandum from its General Counsel clarifying its position that participants **cannot** be reimbursed from Health Reimbursement Accounts (like Health Fund Plan C-MRP) for health premiums paid on a pre-tax basis. The IRS's position is that once you have received a tax deduction for paying a health care premium, you cannot then also be reimbursed on a tax-free basis for that same premium. Otherwise, the IRS's position is that you are taking a tax deduction for a premium that you did not actually pay (because you were reimbursed the cost), which is not permitted by them.

In the memorandum, the IRS further stated that if reimbursement plans like Health Fund Plan C-MRP and R-MRP reimburse premiums on a pre-tax basis, they will cease to be qualified health plans and thus **all benefits paid from the plans will be taxable**. Because of the IRS's new position that reimbursement of premiums paid on a pre-tax basis not only is a tax issue for the affected participant, but also will jeopardize the favored tax status of all benefits from Plan C-MRP and R-MRP, the Health Fund **must** require that the new reimbursement form be completed in full for any premium reimbursements. Absent your certification that the premiums were paid on a *post*-tax basis, your claim(s) for premium reimbursements will be denied since the Health Fund cannot reimburse any premiums that were paid on a *pre*-tax basis. The Fund's new claim form is available on our website www.iatsenbf.org.

For your reference the IRS memorandum was released November 20, 2015 and is numbered 201547006. You can find it on the IRS website: <https://www.irs.gov/pub/irs-wd/201547006.pdf>.

Sincerely

A handwritten signature in black ink, appearing to read "Anne J. Zeisler".

Anne J. Zeisler
Executive Director