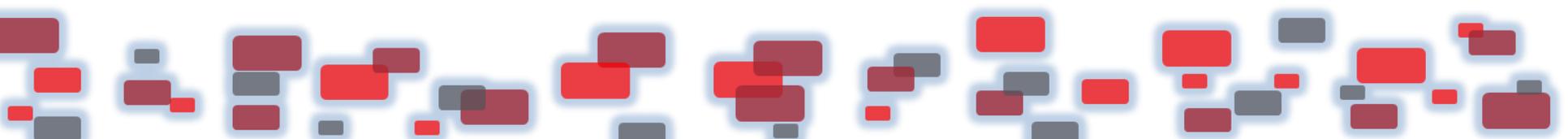


# New Employees

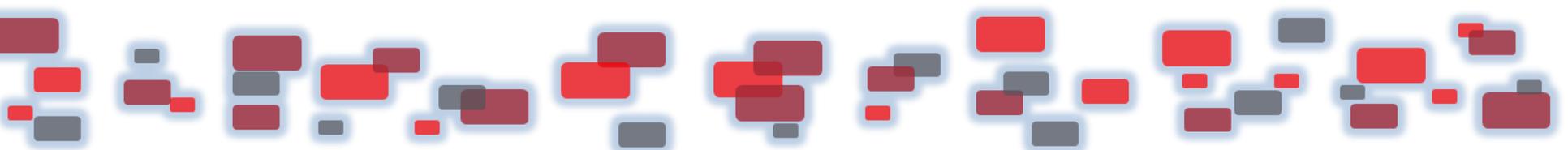
## Initial Measurement Period

-  For a variable-hour or seasonal employee, who at the time of hire is NOT expected to work on average 30 or more hours per week, an employer can use an “initial measurement period” (IMP) to determine if the new employee should be classified as full-time employee based on actual hours worked
-  *An employer need not offer coverage to a new hire until hours worked during the IMP are tracked and counted.*
-  Initial Measurement Period can be between three and 12 months, as selected by the Employer, starting from the date of hire (or first of the month thereafter).
-  Measures the hours of service completed by the new employee during this time period and determines if the employee completed an average of 30 hours of service per week or more (or 130 hours/calendar month)



# New Employees

- If a new variable hour or seasonal employee ***is reasonably expected to work***, on average, more than 30 hours per week at their start date, they are considered a Full-Time Employee and would be offered coverage no later than the end of the 90-day waiting period;
- For new ***hires NOT reasonably expected to work***, on average, more than 30 hours per week at their start date, the employer can exclude them from coverage. However, Notice 2012-58 does require employers to test and track hours using the “hours counting” rules for both an “initial measurement period” and the next “standard measurement period”;
- If a new hire experiences a ***“material change in their position of employment”*** during their “initial measurement period” and it’s determined that had the employee begun in that job position they would have been reasonably expected to work more than 30 hours/week, the employee must be treated as full-time and must be offered coverage on the 1<sup>st</sup> day of the 4<sup>th</sup> month following the change in status.

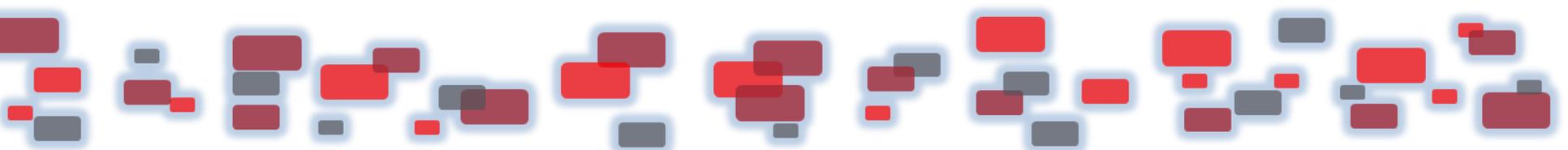


# Case Study

Betty is hired on May 10, 2013 by the City of ABC, and begins working a variable hour schedule of over 30 hours/week. In the fall of 2013 Betty's hours are reduced and her hours are less consistent from week to week and month to month through the fall of 2014.

## Facts:

1. The City of ABC has a group health insurance plan coverage year that runs January to December each year
2. The City chooses a “standard measurement period” (SMP) of October 15 to October 14 every year to track the hours of “ongoing” variable hour employees
3. The City allows for an “administrative protection period” of 2 ½ months to compile and review data and to prepare for “open enrollment”; with coverage effective on January 1 of each year
4. The City chooses an “initial measurement period” (IMP) of 12 months for new hires to coincide with their SMP
5. Betty's IMP runs from June 1, 2013 to May 31, 2014.



# Case Study

**The City of ABC must track the following to determine Betty's employment status for purposes of PPACA:**

- (1) Is Betty is working an average of 30 hours/week, 130/mo. Or 1,560 hrs/yr during the City's Initial Measurement Period that does not exceed 12 months;
- (2) Both the Initial Measurement Period AND the Administrative Protection Period combined do not last beyond the final day of the first calendar month beginning on or after her one-year anniversary (13 month rule).
- (3) The company must test Betty again based on the period from October 15, 2013 through October 14, 2014 (the company's first Standard Measurement Period that begins after Betty's start date).