



# Ongoing employees

## Standard Measurement Period

-  Employer can determine Full-Time status by looking back at a defined period of three to 12 consecutive months, to determine whether the employee averaged at least 30 hours of service a week OR at least 130 hours of service per calendar month
-  Employer may use a calendar year or any other start and end dates for the Standard Measurement Period as long as the determination is uniform and consistent for all employees in the same category (*this period could align with your Open Enrollment Period*)
-  Employee that has been working for the employer for at least one “Standard Measurement Period” is considered an “ongoing” employee



# Ongoing employee

## Standard Measurement





# Ongoing Employee

## Administrative Protection Period

-  Used to make a determination of the employee's status AND to have enough time to administer the plan
-  90-day Safe Harbor AFTER the Standard Measurement Period
-  Must overlap with the prior Stability Period in order to prevent gaps in coverage



# Ongoing Employees

## Stability Period (Coverage Period)

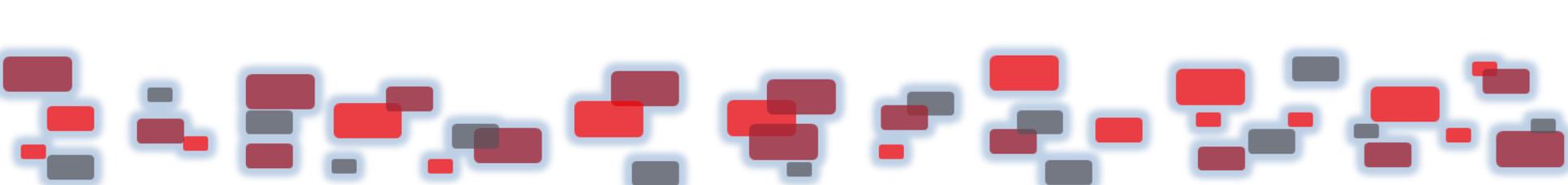
-  If an employee is determined to have worked an average of at least 30 hours a week OR at least 130 hours per calendar month, then;
-  The employee would be treated as a Full-Time employee during a subsequent “Stability Period” of up to 12 months (shorter, if the Standard Measurement Period was less than 12 months)
-  The above applies regardless of the employees actual hours worked during that Stability Period
-  The length of the Stability Period is based on the length of the Standard Measurement Period



# Ongoing employees

## Standard Measurement





# New Employees

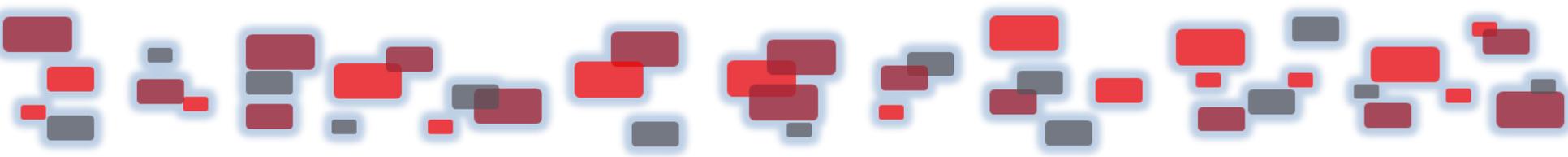
- If Employee is reasonably expected to work, on average, more than 30 hours per week at their start date, they are considered Full-Time and Employee would be offered coverage no later than the end of the 90-day waiting period
- For new hires NOT reasonably expected to work, on average, more than 30 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”
- However, if upon completion of an “initial measurement period” it is determined they meet the 30 hour/week requirement, coverage must start the first of the calendar month that is not more than 13 months after their start date.
- Under the transition rule, employers using a 12-month measurement period will need to test new variable-hour employees for Full-Time status at least twice during a single 12-month period; once for an ***“Initial Measurement Period” and a concurrent second time, for tracking the “Standard Measurement Period”***



# New employees

## Initial Measurement Period

-  Used to determine if a new employee is a Full-Time employee
-  Initial Measurement Period is between three and 12 months, as selected by the Employer
-  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)



Hire Date

5/10/13

6/1/13

5/31/14

7/1/14

6/30/15

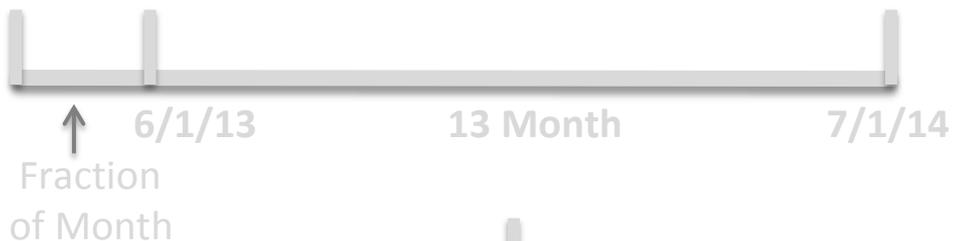


Initial Measurement Period

Administrative  
Period

Stability Period

13 Month  
Rule:



Fraction  
of Month



First Standard Measurement Period

Assumptions:

Betty is hired 5/10/13

Betty works in average 30 hrs/wk during her IMP (6/1/13 – 5/31/14)

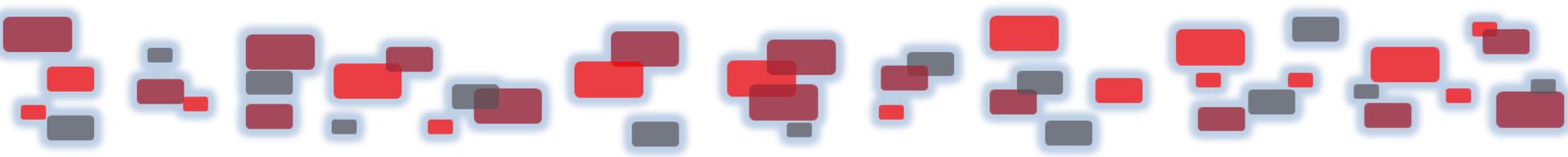
Betty works an average 28 hrs/wk during her first SMP (10/15/13 – 10/14/14)



# New employees

## Stability Measurement Period

- Used if a new Part-Time or Seasonal employee is treated as a Full-Time Employee for a period of six consecutive calendar months or, if greater, the length of the initial measurement period
- Guidance shows, “...the stability period for such (new) employees must be the same as the stability period for ongoing employees...”
- If an employer needs to be sure to fall within the safe harbor and use the Stability Period for ongoing employees, it is longer than the initial measurement period



# New Hire

Initial Measurement

## Hire Date

5/10/13

6/1/13

5/31/14

7/1/14

6/30/15



Initial Measurement Period

Administrative Period

Stability Period

13 Month Rule:



Fraction of Month

10/15/13

13 Month

7/1/14



First Standard Measurement Period

10/14/14

Assumptions:

Betty is hired 5/10/13

Betty works in average 30 hrs/wk during her IMP (6/1/13 – 5/31/14)

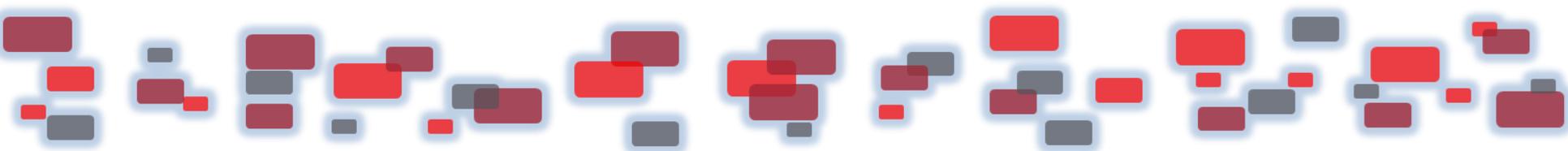
Betty works an average 28 hrs/wk during her first SMP (10/15/13 – 10/14/14)



# New employees

## Standard Measurement Period

-  Used to determine in the same way as the Initial Measurement Period, but for Ongoing employees (not Part-Time or Seasonal)
-  Used to determine the transition status from a New Employee to an Ongoing Employee



# Ongoing or New employee

New Hire  
Initial  
Measurement

Hire Date

5/10/13      6/1/13      5/31/14      7/1/14      6/30/15



Initial Measurement Period      Administrative Period      Stability Period

13 Month Rule:



↑ 6/1/13      13 Month      7/1/14  
Fraction of Month



10/15/13      First Standard Measurement Period      10/14/14

Assumptions:  
Betty is hired 5/10/13  
Betty works in average 30 hrs/wk during her IMP (6/1/13 – 5/31/14)  
Betty works an average 28 hrs/wk during her first SMP (10/15/13 – 10/14/14)

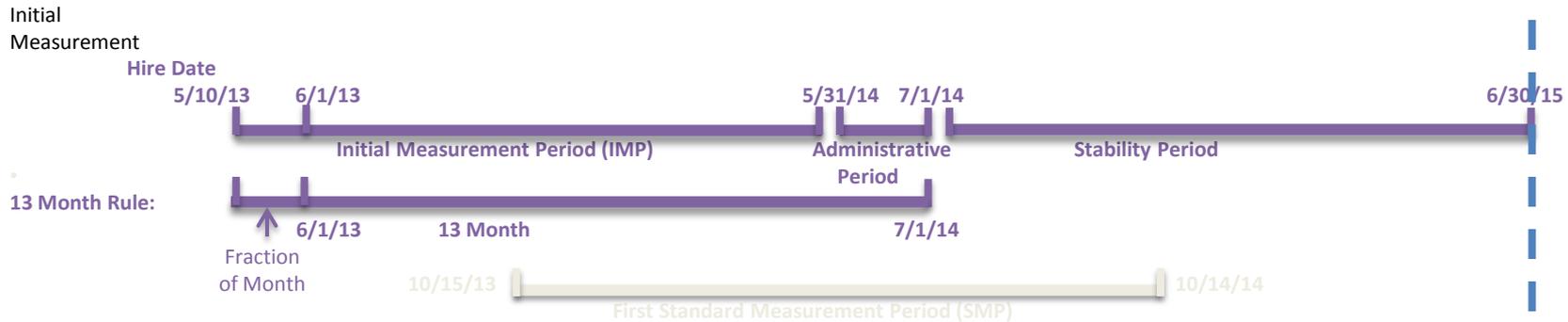


# Changing Employee Status

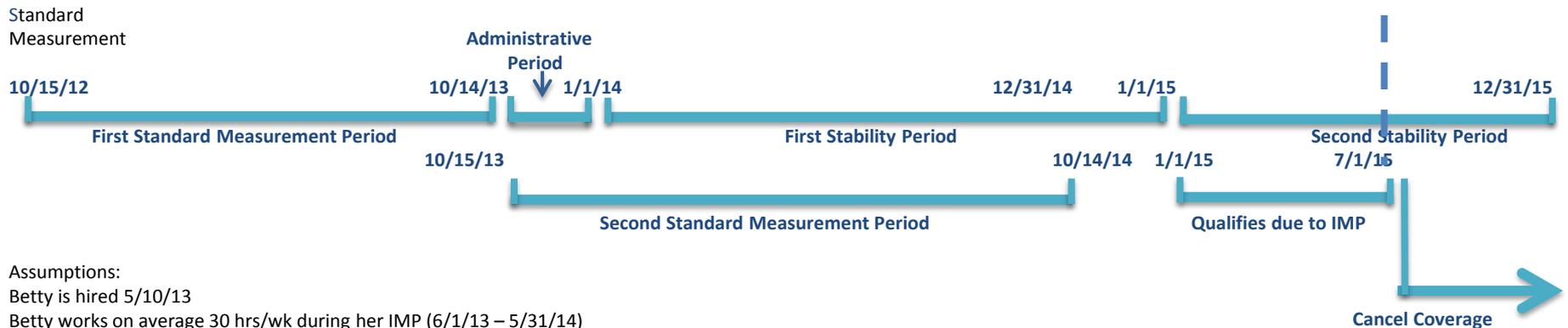
- ☰ Must be employed for an entire Standard Measurement Period
- ☰ Must be tested for Full-Time status at the same time and under same conditions as ongoing employees
- ☰ For new employees; if they work the requisite hours for Full-Time status, they must be afforded coverage through the end of a Stability Period, even if they fail to work the necessary hours in an overlapping Standard Measurement Period
- ☰ Conversely, if a new employee does NOT work the requisite hours during their “Initial Measurement Period, ” but does work the required hours during the next Standard Measurement Period, they must be afforded coverage based on this most recent “Measurement Period”

# New Hire and Ongoing Employee Timeline

## New Hire



## Ongoing Employees



Assumptions:  
 Betty is hired 5/10/13  
 Betty works on average 30 hrs/wk during her IMP (6/1/13 – 5/31/14)  
 Betty works on average 28 hrs/wk during her first SMP (10/15/13 – 10/14/14)



# Other employee categories

## Seasonal Employees

-  Notice 2012-58 confirms that there are no specific definition of seasonal employees in PPACA with respect to determining full-time status
-  The Notice permits employers to use a “reasonable good faith” interpretation of the term seasonal employee
-  However, to qualify for the safe harbor, an employer must use the “measurement and stability period” rules to properly classify even seasonal employees to avoid possible employer mandate penalties

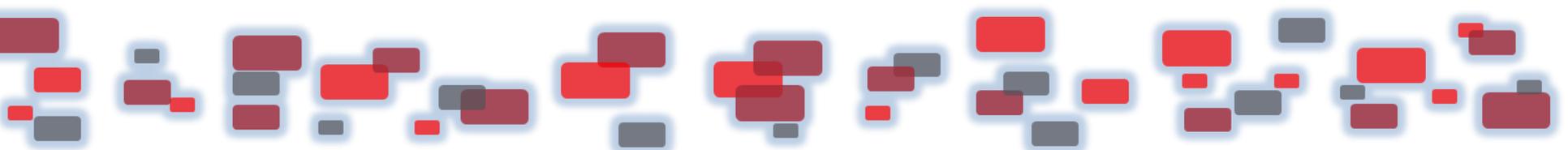
## Pay for Duty Employees

-  There has been NO specific guidance in the rules and regulations issued to date for this type of employee classification



# Permitted Employee Categories

- ☞ Collectively bargained (i.e., union) employees and non-collectively bargained employers
- ☞ Salaried and hourly employees
- ☞ Employees of different entities (subsidiaries)
- ☞ Employees located in different states



# What Are Some Of Your Choices

-  Create/Modify Variable-hour employee workplace policies to keep hours worked below 30 hours/week (1560 hours/year)
-  Establish an alternative plan offering with higher cost sharing and greater out of pocket costs
-  Pay the \$3,000/ year penalty (as long as the number of FTE not offered coverage remains below 5% of the FTE total)