

ACA Compliance Roundtable Series

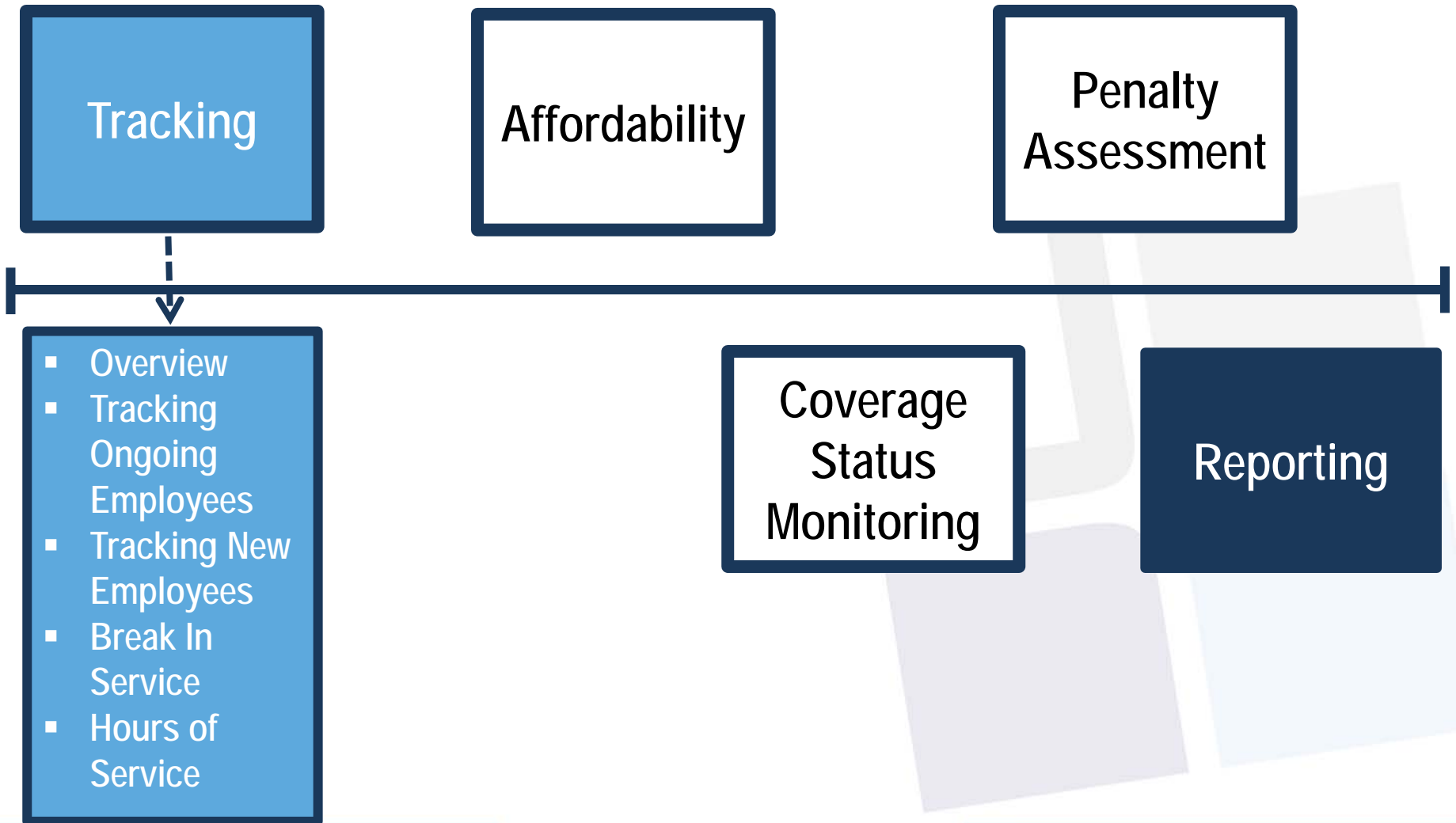


**Employer Mandate Tracking -
Tracking New and Ongoing
Variable Hour Employees**

Welcome to the ACA Compliance Roundtable Series!!!

- Monthly discussion of specific health care reform related topics
- Small group discussions
- Address individual questions or concerns
- Possible session topics:
 - Transition Relief
 - Change in Employment Status
 - Related Entity Status
 - Offers of Coverage
 - Break in Service rules
 - Tracking/recordkeeping Application

ACA Compliance Continuum



Overview

IRS and HHS Guidance (Proposed Regs. issued 12/28/12)

- Coverage must be offered to all “Full-Time Employees”
 - A full-time employee is defined as an individual who worked an average of *at least 30 hours per week or 130 hours per month during the employer’s chosen “measurement” period*
 - Final Regulations clarified that “30 hours per week or 130 hours per month” was in the text of the law

Overview

- Individuals who are in “full-time” job categories or who are offered coverage as part of their job category (salary, union agreements, etc.) **do not need to be tracked!!!!**
 - Certain information may need to be captured for reporting
- Employees that do not fall into the above category must be tracked
 - Employers can utilize a **look-back measurement period** with a corresponding stability (coverage) period to determine status of on-going employees and an **initial measurement period** for newly hired employees

Tracking Ongoing Employees

Standard Measurement Period (SMP)

- Employer can determine status by *looking back* at a defined period of three to 12 consecutive months, to determine whether an employee averaged at least 30 hours of service a week or 130 hours/month

Stability Period (Coverage Period)

- An employee that works the “minimum” average hours must be offered coverage during the “Stability Period”
- *Coverage must be offered regardless of the actual hours worked during that Stability (Coverage) Period*
- The length of the Stability Period must be at least the length of the Standard Measurement Period but no less than six months

Coordinate with Plan Year and Open Enrollment

Tracking New Employees

- Newly hired employees *reasonably expected to work* on average more than 30 hours per week at their start date must be considered Full-Time Employees
 - Coverage must begin no later than the 91st day worked
- Newly hired employees *NOT reasonably expected to work* on average more than 30 hours per week at their start date, NEED NOT be offered coverage until a determination of FT status is made
 - Initial Measurement Period
 - Administrative Protection Period (“APP”)
- **Initial Measurement Period** can be between three and 12 months starting from the date of hire (or first of the month thereafter).

Tracking New Employees

- Employers measure the hours of service completed by the new employee during the Initial Measurement Period and determine if the employee completed an average of 30 hours of service per week or more (or 130 hours/calendar month)
- The "Initial Measurement Period" is a period of up to 12 months commencing with a new employee's start date (or first of the month thereafter)
- Total time elapsed between tracking and coverage effective date CANNOT exceed 13 months
 - Coverage must begin no later than the first day of the 13th month
- During the initial measurement period, employees are not considered eligible for employer coverage and therefore ARE eligible for a premium tax credit through the Exchange
- ***Review your employment policies and job descriptions!!!***

Break In Service

Break In Service (non-educational)

- If an employee incurs a break in service which is greater than 13 weeks they may be treated as having been terminated and re-hired (*Proposed regulations stated 26 weeks*). A new IMP can begin.
- If break in service is less than 13 weeks, employer must treat employee as a “continuing employee” and measurement period continues; credited with 0 hours for the days not worked
- Special Leaves-for FMLA, USERRA or jury duty hours ARE credited with average hours worked

Group Discussion

Timeline Example

Group Discussion

Hours of Service

What is an “Hour of Service”

- Certain employees not paid on an hourly basis (stipend, per diem) and are not in a benefits eligible category
- How does an employer determine if these individuals should be offered coverage?
 - Track actual hours worked
 - Days worked equivalency method
 - Weeks worked equivalency method

Hours of Service

Calculating an "Hour of Service"

- Track Hours Worked Method
 - Use Initial and Standard measurement Period method to determine eligibility for coverage
- Days Worked Equivalency Method
 - Credit the individual with 8 hours for each day at least one hour was worked or for each day eligible for compensation (vacation, leave, etc.)
- Hours worked Equivalency Method
 - Credit the individual with 40 hours for each week at least one hour was worked or for each week eligible for compensation (vacation, leave, etc.)

General Reminders

- All employees NOT offered “qualifying” coverage today need to be considered and tracked
 - Independent Contractors
 - Retirees
 - Employees paid through a stipend
 - City Council
- Be certain that independent contractor vs. employee criteria are satisfied
- Be sure to offer coverage to those who qualify (retirees)
- Be sure charters/policies clarify what politician’s pay

Group Discussion

Next Time

- Volunteer Firefighters
- Students/Interns
- On-call Hours
- Employment Agency
- Monthly Measurement Period
- Variable hour employee becomes full time employee
- Full time employee becomes variable hour employee
- Rehired employee

How Will You Handle ACA Compliance...

Affordability

- 95% Rule
- Hours of Service
- Potential Liability Calculation
- Month-by-month Calculation

Tracking

- Variable Hour Employee
- Standard Measurement Period
- Initial Measurement Period
- Month-by-month Calculation

IRS Reporting

- 6055/6056 Reporting
- Indicator Codes
- Potential Audit
- Month-by-month Calculation

One Solution for all Employer
Mandate Requirements



If you are ready to be ready for the Employer Mandate,
contact Cornerstone Municipal Advisory Group at 248.878.2100 for a solution

 **Cornerstone**municipal info@cmuni.us
www.CornerstoneMunicipal.us

Questions

