

ACA Compliance Roundtable Series

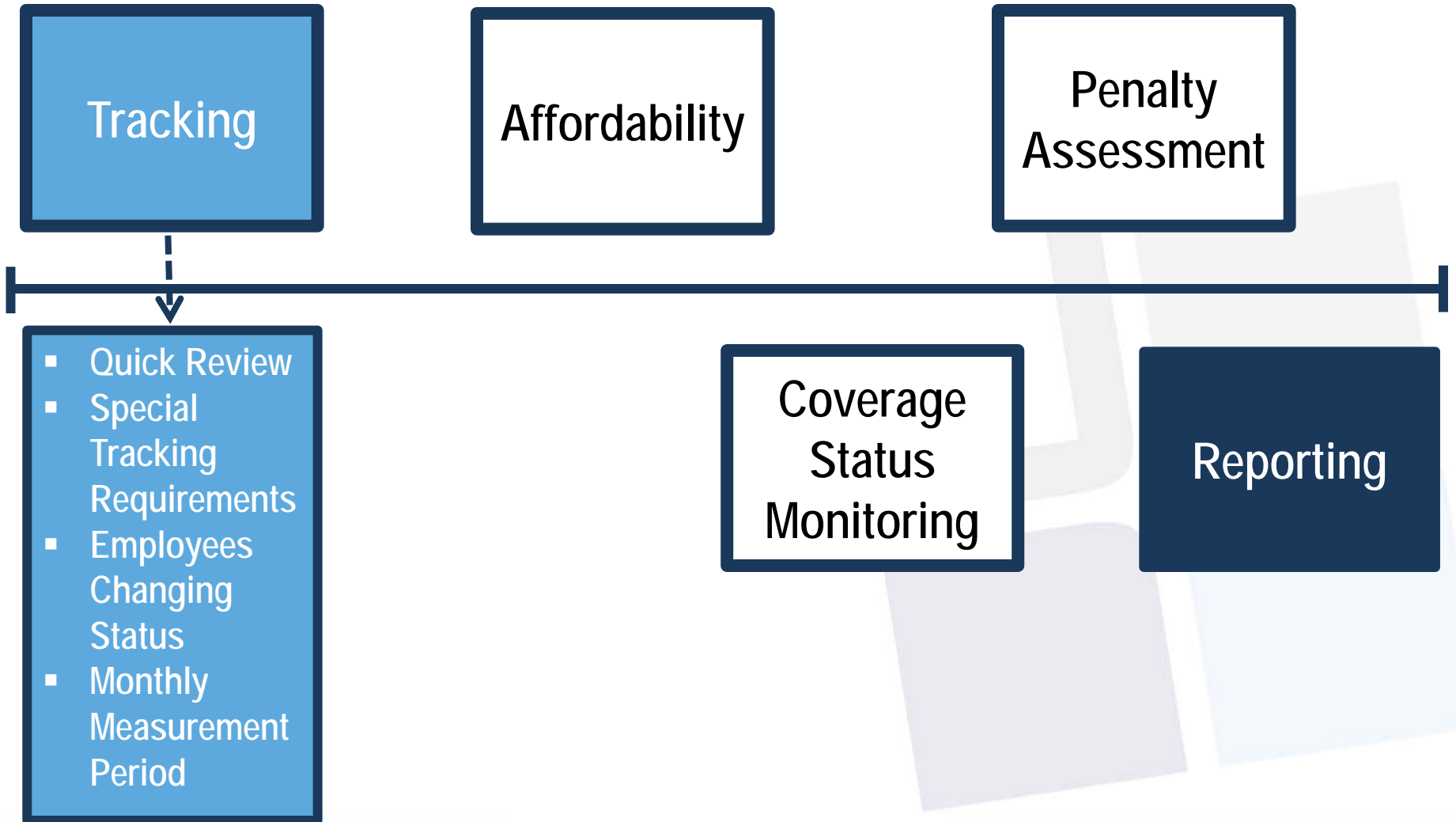


Employer Mandate Tracking - Handling Special Situations

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



Quick Review

- 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

Quick Review

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

Quick Review

- 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).

Special Tracking Requirements

- **Volunteer Employees (firefighters, ambulance workers)**
- Hours for “bona fide volunteers” do not need to be tracked. Coverage does not need to be offered
 - Bona fide volunteers means:
 - Employee of a government entity or 501(a) tax exempt organization; and
 - Only compensation the individuals receives is
 - Reimbursement of reasonable expenses, or
 - Reasonable benefits (length of service awards) and nominal fees paid by similar entities

Special Tracking Requirements

- **Students/Interns**

- Hours for students in a federal or state work study program do not have to be tracked
- Hours a student works that are not part of a state or federal work study program must be tracked
- Hours for interns must be tracked if the student receives or is entitled to compensation.
 - If 30 hours per week average is exceeded coverage must be offered

Special Tracking Requirements

- **On Call Employees**

- Hours must be tracked and coverage must be offered
 - Must credit the employee with all hours for which compensation is received or due
 - Must credit hours that the employee is on call at the employer's premises
 - Must track all on-call hours “for which the employee’s activities are subject to substantial restriction that prevent him/her from using the time effectively for his/her own purposes.”
- Future guidance expected – until that time employers must comply using above criteria

Special Tracking Requirements

- **Temporary Agency Employees**

- Who is responsible for offering coverage to temporary agency employees?
- Determine who is common law employer
 - Who controls hours worked, conditions, how services are performed, etc.?
 - Common law employer is responsible
- Agency can offer coverage on behalf of common law employer
 - Will satisfy ACA requirement to offer coverage if employer pays a higher fee for employees offered coverage

Group Discussion

Employees Changing Status

- **Variable Hour Employee Becomes Full Time Employee**
 - Coverage must be offered at the earlier of:
 - The 91st day following the date of transfer; or
 - If the employee was in an initial measurement period and averaged over 30 hours per week – the first day of the first month following the completion of the IMP

Employees Changing Status

- Variable Hour Employee Becomes Full Time Employee
 - Example
 - Tom has been working in the Parks Department as a VHE since 5/15/14. He will become a full-time employee on 8/15/14.
 - Coverage must be offered no later than 11/13/14 (91st day).
 - Tom's date of hire was 5/15/13 and he has been working as a variable hour employee without a break in service since that date, but has not qualified for coverage. He will become full time on 8/15/14.
 - Coverage must be offered no later than 11/13/14 (91st day).
 - Tom's date of hire was 6/15/13. He has worked a sufficient number of hours in his IMP to qualify for coverage. He will become full-time on 8/15/13.
 - Coverage must become effective no later than 8/1/15 (first day of the month following the completion of the IMP)

Employees Changing Status

- Full Time Employees Becomes a Variable Hour Employee
 - What are the hours worked during the previous measurement period?
 - May have to use “Hours of Service” method to assign hours
 - Is the employee currently in a stability period?
 - Coverage must be continued through the end of the stability period
 - Determination for future stability periods
 - If new hire and coverage has started, cover until end of stability period and measure for next stability period
 - A change in status for an ongoing employee NEVER changes status as a full-time employee or non full-time employee during the stability period

Employees Changing Status

- Full Time Employees Becomes a Variable Hour Employee
 - Example
 - Tom has been working full time since his hire on 5/15/13. Coverage began on 7/1/13. The City has a calendar year stability period and a 12 month measurement period running from 11/1 – 10/31. Tom will be transferring to a variable hour position as of 8/1/14.
 - Coverage will continue through the end of the stability period. Hours of service method will be used to assign hours from 11/1/13 – 8/1/14. Hours will be tracked from 8/1 – 10/31 to determine eligibility beginning 1/1/15
 - Tom's date of hire was 3/15/14. Coverage began on 5/1/14. Transfer date will be 8/1/14.
 - Coverage will continue through the end of the stability period. Hours of service method will be used to assign hours from 4/1/14 – 8/1/14. Hours will be tracked from 8/1 – 10/31 to determine eligibility beginning 1/1/15..

Employees Changing Status

- Rehired Employees
 - Employee may be considered new-hire after 13 week break in service, or
 - 26 weeks for educational organizations
 - Employee may be considered a new hire if break in service exceeds period worked

Employees Changing Status

- Rehired Employees
 - 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
 - Rules are slightly different for educational institutions because of “employment breaks”
 - Credit employee with average hours during employment break; or
 - Exclude employment break from the measurement period calculation

Group Discussion

Monthly Measurement Method

- Alternative to “Look-Back Measurement Method”
 - Could be effective for employees with stable hours
- Can use for different groups of employees – hourly vs. salary, collective bargained vs. non-collective bargained, etc.
- Cannot use for variable hour or seasonal vs. employees with more standard hours.
- Will the employee work more than 130 hours per month?
 - Offer coverage for the months the employee works more 130 hours or more
 - Do not have to offer coverage if less than 130 hours

Monthly Measurement Method

- Coverage must begin no later than the first of the month following three months if the employee averages over 130 hours in those three months
 - Don't forget 91st day rule
- Unpaid Leave Rule and Employment Break Period Rules are not utilized.
- Problem – may not know employee has reached 130 hours until month has been completed
 - Penalty would be applied for not offering coverage for that month.

Monthly Measurement Period

- Can modify “month” to reflect payroll periods
 - Reporting and penalty assessment is done on a month to month
- May have people coming on and off during the year
 - Don't forget COBRA



Group Discussion

How Will You Handle ACA Compliance...

Affordability

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

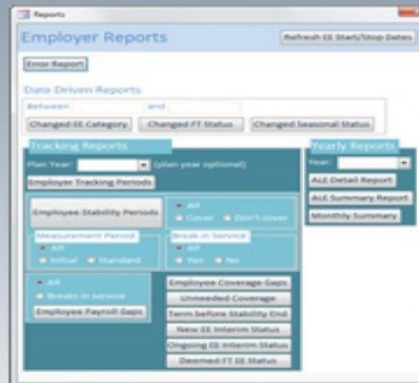
Tracking

- 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

