

# Affordable Care Act (ACA) Questions & Answers

## 1. What is required by the employer under the Affordable Care Act (ACA)?

The ACA requires employers to offer affordable health coverage that meets minimal essential value to substantially all fulltime employees within 90 days of benefit-eligibility or face applicable penalties. Fulltime status is determined at 30 hours per week. The ACA authorizes a look-back measurement period for variable hour employees when it cannot be determined that they are reasonably expected to work 30 hours on average for 90 days or more.

## 2. What are the measurement and stability periods impacting benefit eligibility?

The *initial measurement period* is 12 consecutive months, beginning the first day of the first month on or after an employee's hire date for which the average hours paid monthly will be measured to determine eligibility for coverage during a subsequent stability period.

The *standard measurement period* is also 12 consecutive months, from August 1 through the following July 31 for which average hours paid weekly will be measured to determine eligibility for coverage for the subsequent plan year and stability period (September 1 through August 31).

The *stability period* is the 12-month period following a measurement period and applicable administrative period during which benefit eligibility must be extended for those deemed fulltime (average 30 hours per week) during the applicable measurement period.

## 3. Are only part-time and variable-hour employees measured?

All paid employees, regardless of their benefits eligibility or budget status will have a measurement and stability period. If a automatically benefit-eligible employee loses A&M benefit eligibility due to a change in employment status, mandated eligibility would be applicable for the remainder of the stability period provided employment with the A&M System continues.

## 4. What happens if I have an employee that has averaged 30 hours (75%) during the look-back measurement period but reduces paid hours to less than 30 during their following stability period?

Any employee who qualifies for benefits during the look-back measurement period (including budgeted, fulltime employees) are eligible for benefits during the following stability period without regard to how many hours are actually paid during the stability period provided that employment with The Texas A&M System continues. The employee would retain benefit coverage during the stability period; however, the use of State funds for SGIP employer contribution would be determined by existing State rules.

## 5. Does an employee that becomes eligible for benefits through the ACA measurement period have to elect benefits?

No, an eligible employee does not have to elect benefits and may choose to waive or decline coverage. However, as the employer we are required to offer benefits and the opportunity to enroll in coverage without any interference or attempt to deter enrollment. Benefit enrollment for individuals reaching eligibility through the ACA measurement period will be handled directly by Benefit Services during the Administrative Period.

## 6. What benefits are available to an employee who meets benefit eligibility though the ACA measurement period, but does not meet State benefit eligibility?

An employee meeting eligibility through the ACA measurement period will be eligible to enroll in Medical and Basic Life coverage only. They will not be offered benefit enrollment in optional plans such as dental, vision, etc. Benefit enrollment for individuals reaching eligibility through the ACA measurement period will be handled directly by Benefit Services during the Administrative Period.

**7. I have a new hire that is expected to work 30 hours on average for at least 90 days, when do they become eligible for benefits?**

According to the ACA, a newly hired employee with a **reasonable expectation** to work at least 30 hours for at least 90 days should be provided benefit eligibility immediately. Like other benefit-eligible employees, they are subject to a required waiting period for the employer contribution. They may elect to enroll in coverage right away paying the full cost or they can defer their coverage effective date until they qualify for the employer contribution on the first of the month following the 60<sup>th</sup> day of employment.

**8. I have a new hire that does not have a reasonable expectation to work 30 hours and they do not meet benefit eligibility under the State rules, would they be considered eligible for benefits?**

An employee that does not have a reasonable expectation at time of hire to work at least 30 hours for 90 days would be considered a variable-hour employee and their work hours would be monitored throughout an initial measurement period. If that employee is determined at the conclusion of the measurement period to have averaged 30 hours, then benefit eligibility would be extended for the upcoming stability period without regard to actual hours worked during the stability period. A new standard measurement period will run concurrently to determine future eligibility following the stability period.

**9. I have a new hire that was not originally expected to work 30 hours that now has the expectation to be fulltime (30 hours). What happens to their benefit eligibility?**

An employee that is in their initial measurement period that has not completed a standard measurement period would have their benefit eligibility adjusted and would need to be offered benefits within 60 days of the change of employment status.

**10. I have a new hire that was originally expected to work 30 hours that now has reduced hours below fulltime (30 hours). What happens to their benefit eligibility?**

An employee that is in their initial measurement period that has not completed a standard measurement period would have their benefit eligibility adjusted within 60 days of the change of employment status to reflect a non-benefits eligible status. Loss of benefit eligibility will result in cancelation of benefit coverage with an offer of COBRA continuation if previously enrolled in coverage.

**11. If an individual is determined to be benefits eligible through the measurement period, is there anything the department needs to do to extend benefits?**

Benefit Services will verify benefit eligibility in collaboration with the impacted department during the Administrative Period. An individual determined to be benefit-eligible at the conclusion of the measurement period will receive communications from Benefit Services regarding eligibility with instructions on the enrollment process. Benefit Services may request assistance from the department in contacting the employee if we experience difficulties in reaching the individual directly.

**12. I have an employee that will not be working for one or more months during the summer, what is used for their measurement period?**

As an academic institution (even if the position is not necessarily academic in nature) we cannot count academic breaks (including summer months) against the employee when calculating the average for the measurement period. Therefore, the actual number of months worked will be used when determining the average. Example: an employee that worked August through May will have 10 months used for calculating their average.

**13. What hours are included in the hours reported for the measurement period?**

All hours paid from all positions worked within the Texas A&M University System is used for determining the average. This includes hours worked such as on-call hours along with and hours not worked such as vacation, holiday, sick leave, jury duty, military leave, etc. Additionally, certain non-paid time must not be counted against the employee such as unpaid FMLA, military leave or academic breaks including summer.

**14. My department offers unpaid internships, do the hours worked during the internship count towards the measurement period?**

An unpaid internship that meets the applicable requirements to be unpaid are not paid through payroll and therefore would not be included in hours used to determine benefit eligibility under the ACA measurement period. However, if the internship is a paid internship those hours are considered paid hours and would be included for benefit eligibility determination.

**15. If an employee who satisfied the 30 hour average during the measurement period transfers employment to a new department during the stability period, which department is responsible for the benefit payment?**

The System standard is that the benefit eligibility and benefit expense will move forward with the employee to the new department.

**16. I have a student worker that wants to work more than 30 hours who states they do not need the benefits, may I work them more than 30 hours?**

Departments should fairly and consistently apply any restrictions to work hours without regard to expected benefit enrollment. Employment decisions should be made on job related factors associated to the position and not determined by the individual.

**17. When and how will the department be charged for benefits for someone who is eligible for benefits following the measurement period?**

The mechanics of how the appropriate funding sources will be charged is still in development at System Offices. However, the department will only be charged if the employee elects and enrolls in coverage. A department will not be charged for an employee that declines or waives coverage.

**18. Are there any tools that can help a department determine or gauge the number of hours an individual can work to stay below the 30 hour threshold?**

Departments receive monthly reports indicating employees who have hours reported through payroll averaging 75% or more. An additional report provides information for employees with hours reported between 51% and 75% to help monitor work hours in relation to the current measurement period. These reports are provided "after the fact". To proactively determine the number of eligible hours an employee may work to stay below 75% for that month, departments may utilize the monthly pay schedule at <http://payroll.tamu.edu/payroll-processing/calendar/> to determine the number of eligible work hours for a particular month and multiple that by .74. Example, a month that has 160 available hours like February would allow 118 paid hours before reaching 75% effort.

**19. If an employee has a break in service (termination/rehire or layoff/recall) are they treated as a new hire or an ongoing employee when they return to work?**

A "break in service" means a period during which an employee is not credited with any hours of service. The duration of the break in service will determine the impact on the applicable measurement period.

- Break is greater than 26 weeks - treat as a new hire with a new initial measurement period.
- Break is less than 26 weeks, but more than 4 weeks AND the duration of the break is *GREATER* than the most recent period of employment - treat as a new hire with a new initial measurement period.
- Break is less than 26 weeks, but more than 4 weeks AND the duration of the break is *LESS* than the most recent period of employment – continue current measurement period without break in service factored into average. Example: employee with 18 months of service has a 2 month break in service during the measurement period. The hours paid for averaging will be averaged by 10 months instead of the standard 12 months.
- Break is 4 weeks or less - continue current measurement period including zero hours for break. CAUTION: certain types of leave may not be counted against the employee.

*NOTE: An employee that returns from a break in service while still in their stability period will have benefit eligibility immediately for the remainder of the stability period.*

**20. I have faculty members that will go on sabbatical during the Fall/Spring and be paid at 50% effort, how will this impact their benefits?**

A reduction in effort impacts certain benefits; therefore, it is advised to contact Benefit Services to discuss the overall impact of a reduction in effort. Departments should be aware that if the employee was determined fulltime according to the ACA (30 hours per week average) during the previous measurement period, the employee is eligible for the full employer contribution for benefits during the duration of the subsequent stability period without regard to actual percent effort or hours paid during the stability period. The State rules determine eligible for the employer contribution and department/local funds would be necessary for any difference.

**21. Our department uses a phased retirement approach and allows employees to decrease their effort prior to retirement, how will this impact their benefits?**

A reduction in effort impacts certain benefits; therefore, it is advised to contact Benefit Services to discuss the overall impact of a reduction in effort. Departments should be aware that if the employee was determined fulltime according to the ACA (30 hours per week average) during the previous measurement period, the employee is eligible for the full employer contribution for benefits during the duration of the subsequent stability period without regard to actual percent effort or hours paid during the stability period. The State rules determine eligible for the employer contribution and department/local funds would be necessary for any difference.