

Health Care Reform
Connecting the Dots

**Affordable Care Act:
Large Employer Shared Responsibility
Final Rules and Transition Relief**



CLAAconnect.com

**National Parking Association
May 14, 2015**



Agenda

- Refresher on the large employer requirements under Affordable Care Act
- Key elements of the final employer shared responsibility rules and 2015 transition relief
- Determining full-time workers through measurement periods
- Information reporting requirements and IRS forms

Defining Small and Large Employers

- *The definition of “large employer” varies depending upon the section of the law one is referring to:*

For Employer Mandate and Penalties:

- **In 2015**, 100 or more full-time (FT) employees plus full-time equivalents (FTEs).
- **In 2016**, 50 or more FT employees plus FTEs.

Eligibility for Premium Tax Credits:

25 or fewer employees earning < an avg. of \$50,000

Eligibility for the SHOP:

- Fewer than 50 OR
- Fewer than 100

Employer who must auto-enroll: 200 + FT employees

Medical Reimbursement Changes for Plan Years on or after January 1, 2014

Allowed

- HRAs integrated with Group Health Plan
- Ancillaries – dental, vision, LTC
- One employee plans

Prohibited

- HRA + Individual Health Plan
- Any reimbursement of individual plan premiums either directly or through a third party (11/10/2014)

- **If individual has Minimum Essential Coverage, NOT eligible for Exchange subsidies such as premium tax credits**

Minimum essential coverage includes: medical coverage provided through Sec. 125 plans, employer payment plans, health Flexible Spending Accounts, and HRAs

- **Pre-2014 HRA contributions, can be used in 2014 and beyond if:**
 - Contribution made before January 1, 2013
 - Contributions credited in 2013 to an HRA in effect on 1/1/2013

Health Reimbursement Arrangements (HRAs)

- **HRAs + Group Health Plan** = permissible in 2014 and beyond
- **HRA + Individual market health plan** = NOT compliant with prohibition on annual and lifetime dollar limits; not allowed after 1/1/2014
- **If individual has Minimum Essential Coverage, NOT eligible for Exchange subsidies such as premium tax credits**
 - **Minimum essential coverage** includes: medical coverage provided through Sec. 125 plans, employer payment plans, health Flexible Spending Accounts, and HRAs
- **HRAs integrated with an employer-sponsored plan:**
 - Employer HRA contributions used to pay premiums are counted in determining plan affordability
 - HRA contributions limited to use for cost sharing for covered medical expenses are counted toward the minimum value determination
- **Pre-2014 HRA contributions, can be used in 2014 and beyond if:**
 - Contribution made before January 1, 2013
 - Contributions credited in 2013 to an HRA in effect on 1/1/2013

- Update with latest guidance and transition relief until July 1, 2015

Employer Penalty Implementation Timeline

2015

- All applicable large employers must offer **coverage to at least 70% of its full-time employees** to avoid \$2,000 penalty; \$3,000 penalty may still apply for uncovered
- For employers with 100 or more employees, \$2000 penalty applies **after the first 80 full-time employees** if no insurance offered.
- No penalties for employers with 50-99 employees, who meet certain criteria
- No penalties between January and Plan Year start for certain non-calendar year plans.

2016

- All employers with 50 or more employees must offer coverage to at least 95% of full-time employees to avoid penalties
- \$2000 no insurance penalty is assessed after first 30 FT employees (no longer 80)
- SHOP open to all employers with fewer than 100 employees
- Information Return for 2015 to be filed with IRS

2017

- SHOP Coverage open to all small and large employers

Potential Large Employer Penalties

Law does NOT require employers to offer health insurance

- **Large employers** subject to one of two “**shared responsibility**” penalties if any FT employee receives Exchange subsidies

–For employers that own multiple companies, the 50 + employees is determined by control group or affiliated service group

For “minimum essential coverage”, see IRS Notice 2012-31 at: <http://www.irs.gov/pub/irs-drop/n-12-31.pdf>

Large employer = 50 or more full-time employee + FTEs

FT employee = avg. 30 or more hours of service per week

FT equivalents = Hours worked in a month by all PT employees divided by 120

2015 Transition Relief:

Large Employer Status Determination

- **Determining Large Employer Status:** For 2015, employer can determine whether or not it is a large employer by selecting any consecutive six-month period in 2014.
 - Seasonal worker exception can only be used if looking at full calendar year
- **First-time Large Employers Exempt from Penalties if Coverage Offered by April 1**
 - Failure to offer any coverage by April 1 can result in \$2,000 penalty applying as of January 1.
 - One-time only transition relief even if drop below 50 threshold.

Plan Year 2015 Transition Relief:

No Penalties for Certain Employers With 50 – 99 Employees

Criteria employers must meet:

- **Has 50 – 99 FT employees plus FTEs during 2014.**
- **Made no reduction*** in its workforce hours or size between 2/9/2014 and 12/31/14 to meet the first criteria
- **Previously-offered health coverage is maintained** between 2/9/2014 and the end of Plan Year 2015:
 - Same employees continue to receive employer contribution that is:
 - ◇ At least 95% of the dollar amount as of 2/9/2014; or
 - ◇ The same or higher percentage of the cost as 2/9/2014
 - Any plan changes don't result in a loss of minimum value
 - Eligibility for coverage is not narrowed to cover fewer employees.
- **Certify their eligibility for transition relief**
(as part of required information return)

2015 Transition Relief: *Non-Calendar Year Plans*

- **For employer's that:**
 - Had a non-calendar year plan as of 12/27/2012
 - Did not modify the plan year after 12/27/2012 to begin at a later calendar date
- **No penalty assessed for months between January 2015 and beginning of plan year, if any of these circumstances apply:**
 1. **Offer** all eligible employees (based on 2/9/2014 plan terms) affordable, minimum value coverage by the first day of the 2015 plan year
 2. If **covered** at least 25% of **all** – PT & FT-- employees within the 12 months prior to 2/9/2014 or **offered** coverage to at least 1/3 of employees during the open enrollment period prior to 2/9/2014.
 3. If at least 1/3 of **full-time employees** were covered in 12 months prior to 2/9/2014 or offered coverage to 50% or more of full-time employees during open enrollment period prior to 2/9/2014

Employer “Shared Responsibility” Penalties

Penalty only assessed if a FT employee receives Exchange subsidies.
Employees ineligible for subsidies if employer coverage affordable

No Insurance Coverage Penalty

- Also applies if coverage not offered to **at least 70% (2016 and beyond must be 95%)** of FT employees and their dependent children under age 26.
 - **Plan Year 2015 Amount = \$2000 x each full-time employee, after first 80 employees for Plan Year 2015**
 - **Plan Year 2016 and beyond Amount = \$2000 x each full-time employee, after first 30 for subsequent years**

Example: 2015 No Insurance Penalty

Employer No ESI Insurance Penalty		
Total Full-Time Employees	2,880	
Less: 80 Employees	<u>(80)</u>	
Adjusted Full-Time Employees	<u>2,800</u>	
No Insurance Penalty (\$2,000)	<u>\$ 2</u>	
Estimated Subsidy Penalty	<u>\$ 5,600</u>	(\$000s)
<i>2015 Pre Reform Projected HC Costs</i>	<i>\$ 36,703</i>	<i>(\$000s)</i>
<i>Estimated Net Savings</i>	<i>\$ 31,103</i>	<i>(\$000s)</i>

***Employer pays about \$100K more in 2016
without transition relief***

Employer “Shared Responsibility” penalties

Unaffordable Employer Coverage Penalty

If employer fails to offer coverage that is:

1. Minimum essential coverage and minimum value offered to employees and their children under age 26.
2. **Affordable**
(see definition in box on right)

Amount = \$3000 x # of FT employees who receive exchange subsidies

“Affordable” = the employee premium contribution for single coverage is **less than 9.56%** of their MAGI household income, or one of three employer safe harbor options exist. (e.g., W-2 wages)

Example: Unaffordable Coverage Penalty

Impact of Employer Health Insurance Reforms		
Full-Time Employees	80	<i>(37 Insured / 43 Waived)</i>
Total Staffed	92	<i>(0 PT Insured/12 PT No ESI)</i>
2015 PPACA FTEs	89	
HEALTH REFORM KEY DRIVERS		
Single Coverage Employer Premium Cost		
2015 Average Single Employer Cost	\$	4,534
Current Employer Contribution %		60%
Medicaid Eligible Employees		
Total FT Medicaid Enrollees		2
Employer Estimated Cost Savings	\$	<u>9</u> (\$000s)
Employer Unaffordable Coverage Penalty		
Subsidy Eligible Full-Time Employees		41
Subsidy (\$3,000)	\$	<u>3</u>
Estimated Subsidy Penalty	\$	<u>123</u> (\$000s)
% Total Full-Time Employees		51.3%

Employer “Shared Responsibility” Penalties (cont.)

- **Maximum Employer penalty** = no insurance penalty
- **Inflationary adjustments** to penalties begin in 2015
 - Penalties indexed using national premium trend increases
 - ◇ Not clear if it is individual or family premiums, or individual market or group market trend
 - ◇ Announced by HHS in October of the year preceding the effective date of the increase.
- Employer pays **no penalty for Medicaid** eligible employees

Three Employer Affordability Safe Harbors

- ***W-2 Safe Harbor:*** Looking back at Box 1 wages in comparison to premium cost for self-only coverage
- ***FPL:*** For 2015, employee cost for self-only coverage can't exceed \$92.97/month.
- ***Rate of Pay:*** Employee's cost for self-only coverage cannot exceed 130 hours x Employee's Pay Rate x 9.56%

Methods for Determining Full-Time Status of Employees

Monthly Measurement

Total each employees hours worked each month and compare to 130 hours.

- If at or over = full-time
- If below = not full time
- Optional “weekly rule”
- **Pros:** Calculates actual # of full-time employees in real-time
- **Cons:** Administration of monthly benefit enrollment; employees on/off plan monthly

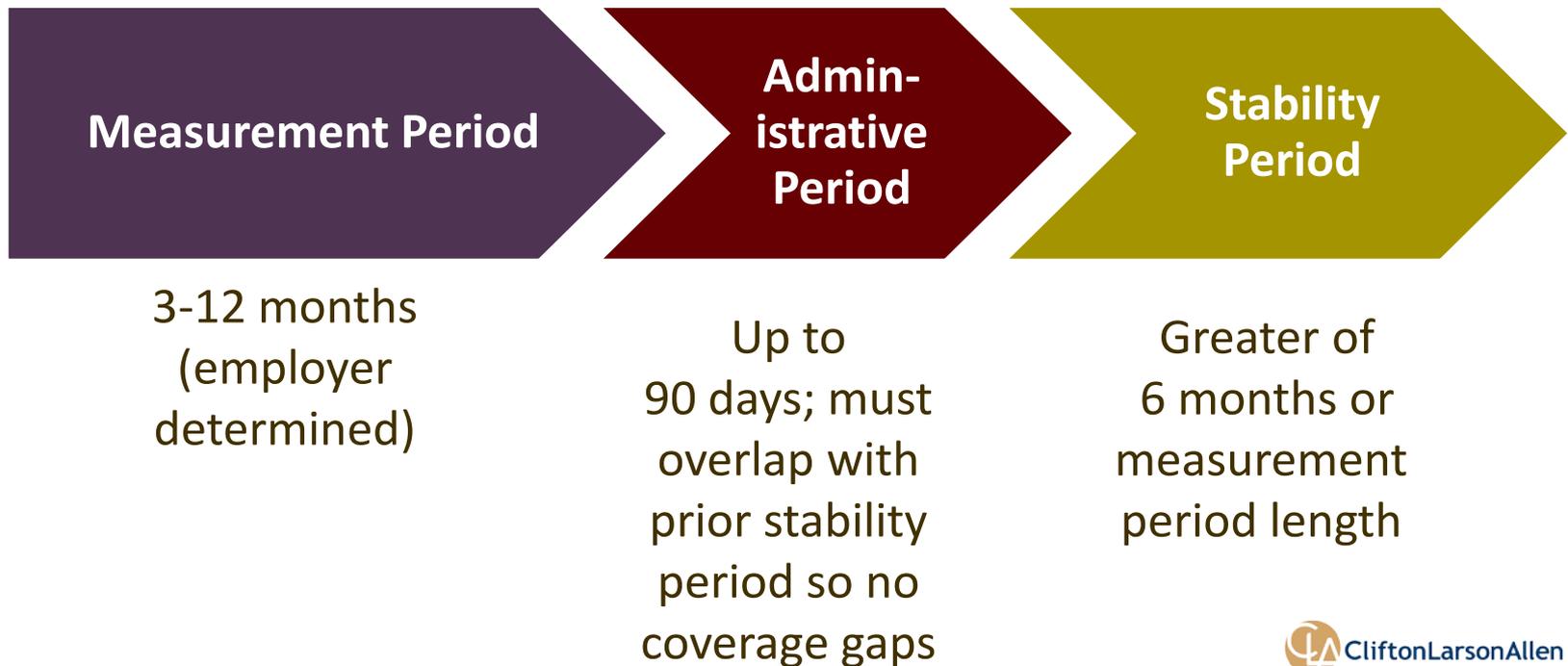
Look-Back Measurement

Employer use prior hours of service over employer-selected period as a determinant future full-time status.

- **Pros:** Predictability; Longer measurement period can reduce # to which benefits must be offered
- **Cons:** May not accurately reflect number of full-time employees

Look-Back Measurement Method to Define Full-Time Employee

- IRS Notice 2012-58 and Dec. 2012 IRS/HHS proposed regulations explain a method employers may use to determine full-time status for ongoing employees, new employees, and variable hour and seasonal workers.



Same Employee Data: 6 & 12 month measurement periods

	2015												2016												2017													
6 month	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M											
	125	150	142	115	150	100	130			Coverage Required																												
							125	153	130	115	140	125	131		Coverage required																							

	2015												2016												2017													
12 month	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M											
	125	150	142	115	150	100	125	153	130	115	140	125	131	Coverage required																								

In both cases, covered for 12 months but in 12-month example, coverage starts in February 2016 instead of October 2015.

	Measurement																												
	Administrative																												
	Stability period - where must offer coverage																												
	Stability period - where no coverage required																												

2015 Transition Relief 2015: *Shortened Measurement and Stability Periods*

- **Transition Measurement Period**
 - Between 6 – 12 consecutive months
 - Starts no later than July 1, 2014
 - Ends no earlier than 90 days before the start of 2015 plan year
- **Example: Calendar plan year (January 1)**
 - ◇ Measurement period: April 15 – October 14, 2014
 - ◇ Administrative period: October 15 – December 31, 2014
- **Example: Non-calendar plan year (July 1)**
 - ◇ Measurement: June 15, 2014 – April 14, 2014
 - ◇ Administrative Period: April 15 – June 30, 2015

Who Counts As Your Employee?

YES

- **Educational employees:** If full-time for school year, then treated as full-time for calendar year.
- **Adjunct faculty:** Until further guidance, employers are to establish a reasonable method for crediting hours of service that is consistent with the ACA.
 - **IRS optional method** = 2.25 hours of service per week for each hour of teaching or classroom time.
- **Paid Student Interns or Externs**
- **Seasonal employees:** Counted in determining liability for employer penalties.

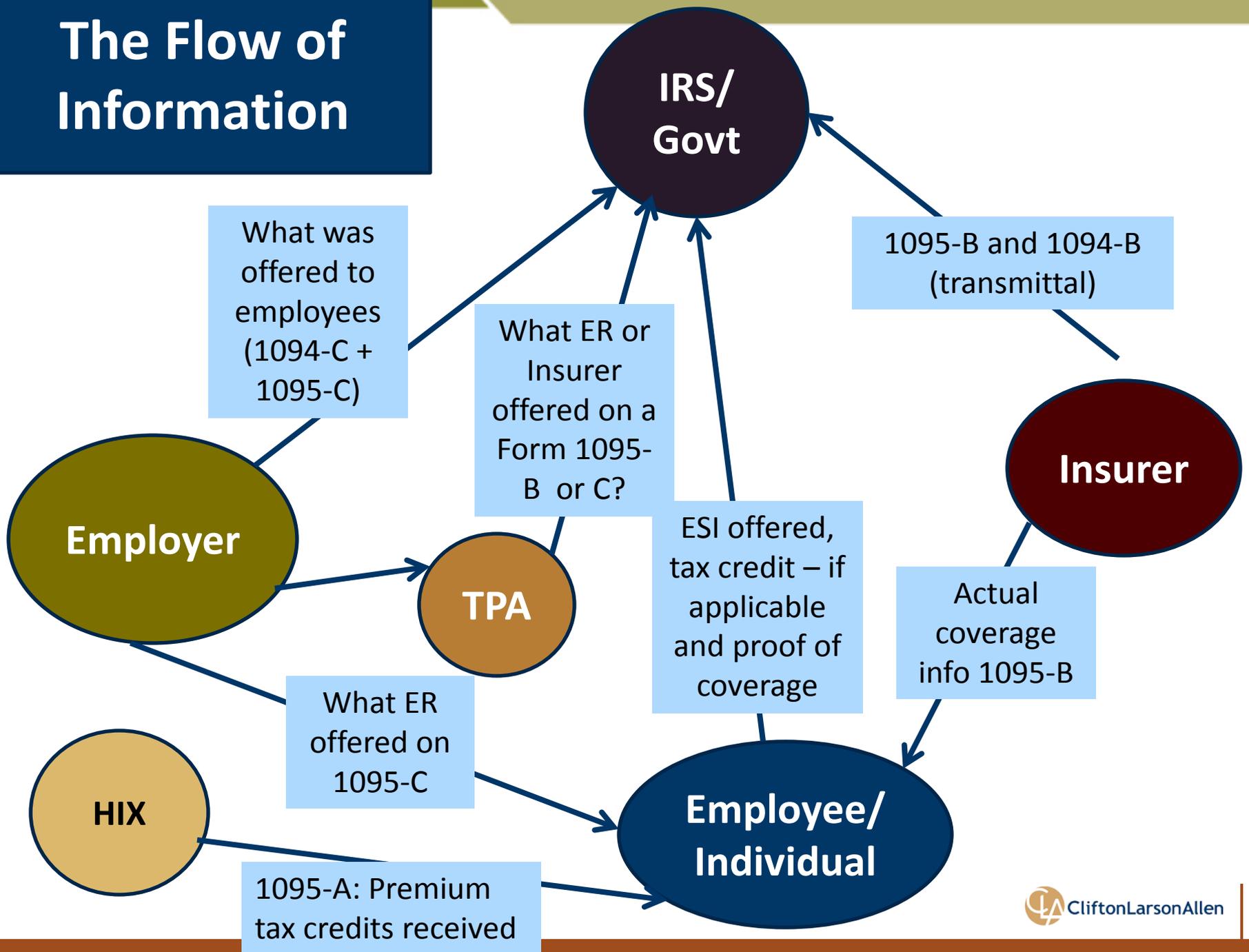
NO

- **Bona Fide Volunteers:** Applies to volunteers of government or tax-exempt entities. Allowed to compensate for reasonable expenses or reasonable benefits.
- **Seasonal worker:** Can exclude from Large Employer determination if they work **120 days or less** in preceding calendar years
- **Student work-study programs:** Only for service performed by students under federal or state-sponsored work-study programs
- **Home care workers:** Where service recipient is the common law employer of the worker.
- **Real Estate agents and direct sellers**



Information Reporting

The Flow of Information



Purpose of employer reporting

- Determine which full-time employees, if any, were offered coverage
 - Reconciled with individual reporting to confirm eligibility for Exchange subsidies.
- Confirm that coverage offered was at least 60% actuarial value
- Confirm that coverage was affordable for employee
- If these tests aren't met, determine employer penalty.

Large Employers: Begin Reporting 2016 for 2015 benefit year

Large Employers required to annually submit an:

1. Information return to the IRS by either **March 1, 2016 (typically, Feb. 28) or March 31, if filing electronically**
2. Information to employees on or by **January 31 (Feb. 1, 2016)**
 - Can be provided electronically like W-2s

Forms: 1094-C (transmittal) and 1095-C (employee statement)

- Applies to employers with 50 or more FT + FTE employees
- No filing required if employer has no full-time employees



**Sec. 6056
Reporting**

Form **1095-C**

Department of the Treasury
Internal Revenue Service

Employer-Provided Health Insurance Offer and Coverage

► Information about Form 1095-C and its separate instructions is at www.irs.gov/1095c.

VOID

CORRECTED

OMB No. 1545-2251

600115
2014

Part I Employee

1 Name of employee		2 Social security number (SSN)	
3 Street address (including apartment no.)			
4 City or town	5 State or province	6 Country and ZIP or foreign postal code	

Applicable Large Employer Member (Employer)

7 Name of employer		8 Employer identification number (EIN)	
9 Street address (including room or suite no.)			
11 City or town	12 State or province	13 Country and ZIP or foreign postal code	

Part II Employee Offer and Coverage

	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
14 Offer of Coverage (enter required code)													
15 Employee Share of Lowest Cost Monthly Premium, for Self-Only Minimum Value Coverage	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
16 Applicable Section 4980H Safe Harbor (enter code, if applicable)													

Part III Covered Individuals

If Employer provided self-insured coverage, check the box and enter the information for each covered individual.

(a) Name of covered individual(s)	(b) SSN	(c) DOB (if SSN is not available)	(d) Covered all 12 months	(e) Months of Coverage												
				Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	
			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Self-insured only

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 60705M

Form **1095-C** (2014)

Employer: How to report (Sec. 6056)

- **There is both a general and alternate reporting method**
- **Electronic return filing**
 - **Reporting to IRS**
 - Electronic filing required if submitting 250 or more returns.
 - Optional electronic filing for employers with fewer returns.
 - **Electronic furnishing of employee statement** is permitted if notice, consent, and hardware and software requirements modeled on existing rules for Form W-2 are met.
 - Requires employee consent to furnish electronically
 - May include these statements with other statements (e.g., W-2)

Employer: Employee statement

- Requires separate statement to be issued for each employee similar to W-2s
 - Must include: Employer name, address and EIN
- Single combine form can be used to report Sec. 6055 (employer reporting) and 6056 (minimum essential coverage issuer reporting) information
 - Substitute form that includes the same information is permissible
- Must be furnished to employee on or before January 31 of the year immediately following year for information furnished
 - For 2016, deadline is February 1, 2016

Employer Reporting: Self-insured

- ACA rules require any entity providing minimum essential coverage to file annual information returns with the IRS for each person to whom to they provide coverage and written statements to the covered person about the information reported to the IRS
 - Does not include: Medical Clinics, Medicare Part B, wellness programs that are part of other coverage or supplemental coverage

Employer Reporting: Self-insured (cont.)

- **Forms:**

- Electronic filing required if at least 250 Forms (1095-B)
- Self insured employers will complete both sections – employer and provider-- of Form 1095-C

- **Timeline:**

- IRS information returns: Must submit by February 28 if paper forms; or by March 31 if electronic filing
- Individual written statements: On or before Jan. 31 following the year that MEC was provided.

Employer: Alternate Methods for reporting

Four alternative reporting methods may be used (but are not required) under final regulations:

1. Certification of Qualifying Offers
2. 2015 Qualifying Offer to at least 95%
3. No separate identification of full-time employees
4. Employers eligible for certain 2015 transition relief

Form **1094-C**

Department of the Treasury
Internal Revenue Service

Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns

Information about Form 1094-C and its separate instructions is at www.irs.gov/f1094c.

CORRECTED

120115
OMB No. 1545-2251

2014

Part I Applicable Large Employer Member (ALE Member)

1 Name of ALE Member (Employer)		2 Employer identification number (EIN)
3 Street address (including room or suite no.)		
4 City or town	5 State or province	6 Country and ZIP or foreign postal code
7 Name of person to contact		8 Contact telephone number
9 Name of Designated Government Entity (only if applicable)		10 Employer identification number (EIN)
11 Street address (including room or suite no.)		
12 City or town	13 State or province	14 Country and ZIP or foreign postal code
15 Name of person to contact		16 Contact telephone number

For Official Use Only



17 Reserved

18 Total number of Forms 1095-C submitted with this transmittal

Part II ALE Member Information

19 Is this the authoritative transmittal for this ALE Member? If "Yes," check the box and continue. If "No," see instructions

20 Total number of Forms 1095-C filed by and/or on behalf of ALE Member

21 Is ALE Member a member of an Aggregated ALE Group? Yes No

If "No," do not complete Part IV.

22 Certifications of Eligibility (select all that apply):

A. Qualifying Offer Method B. Qualifying Offer Method Transition Relief C. Section 4980H Transition Relief D. 98% Offer Method

Under penalties of perjury, I declare that I have examined this return and accompanying documents, and to the best of my knowledge and belief, they are true, correct, and complete.

Signature Title Date

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 61571A

Form 1094-C

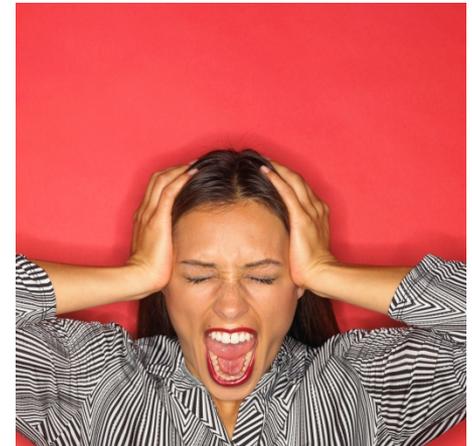


Alternative Employer Reporting Methods

- May use combinations of alternative reporting methods for different employees.
- Each large employer liable for filing its own Sec. 6056 return when part of an aggregated group.
- Employers may use third parties to facilitate the filing of the reports but remain liable for failure to report.
- **Penalties of \$100 /return, up to maximum of \$1.5 million for:**
 - **Failure to file (Sec. 6721) or**
 - **Failure to furnish correct payee statement (Sec. 6722)**

Where to Focus

- **Determine large employer status for 2015**
- **Determine and document full-time employees and equivalents**
- **Develop processes and procedures for tracking/monitoring and reporting**
- **Evaluate how your benefits compare to what is available through Exchange**



Questions?



Nicole Otto Fallon

Director, Health Care Consulting
CliftonLarsonAllen, LLP

Nicole.Fallon@CLAconnect.com

612-376-4843

Thank you!

For more information on health reform: CLAconnect.com/healthreform



cliftonlarsonallen.com

 [twitter.com/
CLA_CPAs](https://twitter.com/CLA_CPAs)

 [facebook.com/
cliftonlarsonallen](https://facebook.com/cliftonlarsonallen)

 [linkedin.com/company/
cliftonlarsonallen](https://linkedin.com/company/cliftonlarsonallen)



Appendix

2015 Transition Relief: Penalties

- **Offer coverage to 70% of FT employees for Plan Year 2015:** If meet or exceed, there is no \$2,000 penalty assessed for all of Plan Year 2015 but \$3,000 penalty still can be assessed under these circumstances.
 - Can only count a FT employee as offered coverage, if their dependent children under age 26 were offered coverage.
 - Dependent transition relief applies
- **Dependent coverage expansion:** For those not currently offering any, some or no MEC coverage to dependents in 2013 or 2014, but who take steps to add in 2014 or 2015(or both), no penalties will be assessed for failure to offer dependent coverage but only for those not previously covered.

Look-Back Measurement Method

- This method can be used for ongoing employees, and for **new** variable hour or seasonal employees
- An “ongoing” employee is someone employed for at least one standard measurement period
- Method **cannot** be used for new employees who are not variable hour or seasonal
 - If hired to be full-time, must be treated as full-time at the start.

Key Terms for Look-Back Measurement Method

- **Initial measurement period (IMP):** A period of 3-12 consecutive months as selected by the employer used under the look-back measurement method
 - For 2015, all current employees IMP will start on same date
 - For new hires, IMP will begin on their first day of employment or up to an d including the first day of the first calendar month following their start date
- **Standard measurement period (SMP):** Same definition as IMP but applies to ongoing employees

Key Terms for Look-Back Measurement Method

- **Administrative period:** Optional period that begins immediately following the end of SMP and ends immediately before the start of the stability period.
 - Maximum of 90 days, which includes gaps between start date and IMP start
 - Must overlap with a prior stability period so no gap in coverage.
 - May differ by category of employee.
- **Stability period:** The period that immediately follows and is associated with the standard or initial measurement period.
 - Duration is the greater of 6 months or the length of the measurement period
 - Must be same length for ongoing as new variable hour, new seasonal and new part time employees.

Types of Employees

- **Full-time:** one who has an average of 30 hours of service per week or 130 hours per month.
- **On-going:** an employee who has been employed by the employer for at least one complete standard measurement period.
- **New employee:** An employee that has not yet been employed for one complete standard measurement period.
 - Expected to work full time: Up to 90-day waiting period permitted if full-time. No penalty during waiting period
- **Variable hour:** An employee for which it is unclear whether they will average of 30 hours of service/week for an entire measurement period.
 - Employer has up to 13 months to determine full-time status and offer coverage before penalty

Rehires vs. Continuing Employees

- **New employee status** = no hours of service for > 13 weeks
 - Except for educational organizations employees where the standard remains 26 weeks.
 - Applies to both monthly and look-back measurement methods.
- **Continuing Employee Status** = no hours for < 13 weeks
 - Continue previous measurement/stability periods when return to work
 - Health coverage continues first day of work if considered FT at time of absence.
 - If 12 month measurement period used by employer, employee may not meet the threshold for full-time status due to 0 hours accrued during absence

Casual Employees & Special Leaves

- **Casual Employees (Rule of Parity) - Optional**

- Employers can consider an employee a new hire when employees are absent fewer than 13 weeks, if the period with no hours of service is:
 - At least 4 weeks long AND
 - Longer than the employee's employment period immediately before the absence.

- **Special Unpaid Leaves**

- Include: FMLA, jury duty or USERRA (military leave)
- The special unpaid leave period is excluded from the measurement period
- Doesn't apply to monthly measurement period

On-Call Employees

- Final IRS rules (2/10/2014) require employer to “use reasonable method for crediting hours of service” consistent with ACA.
- It is NOT reasonable to provide 0 credit hours in any of the following circumstances:
 - For any on-call hour for which payment is made or due by the employer, OR
 - If employee must remain on-call on the employer’s premises, OR
 - Where the employee’s activities while on-call are substantially restricted preventing the employee from using the time effectively for their own purposes.

Picking a Measurement period:

When must an employee be covered?

Measurement: Employer can choose any duration between 3 and 12 months to determine full-time status of employees for whom it is not certain whether they will be full-time

Conflicting stability period status: Rules appear to suggest where initial and standard stability periods overlap and conflict, defer stability period where individual is considered full-time and offer coverage.

Measurement									
Administrative									
Stability period - where must offer coverage									
Stability period - where no coverage required									

Same Employee Data: 6 & 12 Month Measurement Periods

	2015												2016												2017			
6 month	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	
	125	150	142	115	150	100	130			Coverage Required																		
							125	153	130	115	140	125	131	Coverage required														

	2015												2016												2017		
12 month	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M
	125	150	142	115	150	100	125	153	130	115	140	125	131	Coverage required													

In both cases, covered for 12 months but in 12-month example, coverage starts in February 2016 instead of October 2015.

	Measurement																											
	Administrative																											
	Stability period - where must offer coverage																											
	Stability period - where no coverage required																											

Seasonal Worker Example: 8 Month Measurement Period

2015								2016								2017										
J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M
200	200	200	0	0	0	0	200	100	No coverage required																	
								200	200	200	200	200	200	200	0	175	Coverage required									

Employer only required to offer employee coverage for 8 months out of a possible 27 months.

Alternative Method #1:

Certification of Qualifying Offers

- **Eligibility:** If qualifying offer made for all 12 calendar months
- **Reporting:** names, address, and taxpayer identification number for those full-time employees indicating they receive a full-year qualifying offer
 - ◇ Can also use this or general method when making a qualifying offer to part-time employees method
 - ◇ Must report under general method for full-time employees not receiving qualifying offer for all 12 months.

A “qualifying offer” is health plan coverage that:

- Offers minimum value
- Is offered to full-time employees and their dependents
- Is affordable for someone earning 100% FPL for employee-only coverage

(In 2015, this is \$1100 or less annually)

Alternative Method #2:

2015 Qualifying Offer to 95%

For 2015 only, alternative method based on certification of qualifying offer can be used if:

- Qualifying offer was made to at least 95% of full-time employees, their spouses and dependents **AND**
- A statement is provided to employees indicating the circumstances of the qualifying offer (e.g. Covered all year and thus not eligible for premium tax credits)
 - ◇ Statement must include a contact name and phone number

Alternative Method #3:

No separate identification of FT employees

- In cases where an employer offers coverage to all or nearly all employees (e.g. all who work more than 20 hours/week)
- **Eligibility:** Employer must certify on transmittal form that it offered qualifying coverage to at least 98% of the employees for which it is reporting.
 - ◇ Offer of coverage must meet minimum value and be affordable
 - ◇ Affordability is determined using any of the prescribed affordability safe harbors
- **Reporting:** Employer submits list of all employees offered coverage without specifying the number who worked full-time by month, for the year, or by specific employee

Alternate Method #4:

Employers with 50-99 employees

- Employers with 50-99 employees that are eligible for 2015 transition relief must still report under Sec. 6056
 - In 2015, employer must certify that it meets the eligibility requirements for the 2015 transition relief.
 - Non-calendar year plan year employers will certify for the months in 2015 that are part of their plan year. PY2015 months that fall in 2016 will be certified on form filed in 2017.

Medical Reimbursement Plans

- MRPs: Sec. 105 plans or Health Reimbursement Arrangements (HRAs)
 - Concept: Employer reimburses employee out-of-pocket health costs and/or insurance premiums
 - Must be nondiscriminatory [Sec. 105(h); Reg. 1.105-11(c)]
 - Employer tax deduction
 - Employee tax-free fringe benefit per Sec.105
 - Two versions re annual limit: HRA has a carryover feature; MRP is use-or-lose