The Affordable Care Act (ACA)

Employer Responsibilities
Overview

• The Patient Protection & Affordable Care Act (PPACA), March 2010
  o Continual IRS/HHS/DOL guidelines and updates
  o More changes to come
    o Multiple pieces to The ACA; DHRM’s focus is narrow - the employer responsibilities

• Employer Mandate
  o Measure hours paid for seasonal and variable hour employees beginning May 1, 2014
  o Offer health insurance coverage to qualified (full-time as per ACA) employees and their dependents, beginning July 1, 2015
  o Ensure coverage meets affordability and minimal essential value requirements as per ACA

• Who is qualified for Health Insurance?
  o Full-time (paid, on average, 30 or more hours per week) employees
    • Paid leave (FMLA, Jury Duty, Military Leave, Vacation, Sick) count toward the 30 hour calculation
    • Options: Offer benefits, reduce hours and hire more seasonal/variable hour employees

• Consequences of Non-compliance
  o 2 types of tax penalties (IRS)
    • Not offering health insurance to qualified employees (potential $40,000,000 annual penalty)
    • Offering unaffordable coverage ➡️ Current options are affordable
New Paradigm

• For employees with variable hour or seasonal schedules
  o Health insurance eligibility for the future is based upon hours worked in the past
  o Employees may go on and off of health insurance depending on eligibility

• Benefits for these types of employees will no longer be “all or none”

• Agencies must manage employee hours or budget for health insurance

• Agency to manage related liability issues

• The consequence of not offering coverage to even one employee who worked even one hour over 29 could mean the State of Utah would pay a tax for EVERY full-time employee ($40,000,000)
Ongoing Employees

• What is an “Ongoing” employee?
  o Seasonal/variable hour employees who are employed by the same employer for at least one Standard Measurement Period (12 months)
  o Those who are employed by the State on or before May 1, 2014

• The ongoing employee process consists of three distinct parts
  o 12 month Standard Measurement Period (track hours)
  o 60 day Administrative Period (qualified employees are offered coverage)
  o 12 month Stability Period (coverage period for qualified employees)

• Both qualified and non-qualified seasonal and variable hour employees will continually be assessed for eligibility through consecutive Standard Measurement Periods

• Employees could qualify for health insurance during one measurement period and not the next
Ongoing Employee

12 MONTH ONGOING CYCLE

- **5/1/2014** to **4/30/2015**: 12 MONTH STAND. MEAS. PERIOD 1
- **7/1/2015** to **6/30/2016**: AP 1, 12 MONTH STABILITY PERIOD 1
- **6/30/2017**:
  - STANDARD MEASUREMENT PERIOD 2
  - AP 2
  - STABILITY PERIOD 2
  - 6/30/2018:
    - STANDARD MEASUREMENT PERIOD 3
    - AP 3
    - STABILITY PERIOD 3
    - 5/1/2017:
      - STANDARD MEASUREMENT PERIOD 4
      - AP 4
      - SP 4
New Employees

• A “new” employee is anyone hired after May 1, 2014

• If a seasonal or variable hour employee is reasonably expected to average 30 or more hours per week over the 12 month measurement period, an offer of coverage should be made within 90 days of hire

• The new employee process consists of three distinct parts
  o 12 month Initial Measurement Period (track hours)
  o 30 day Administrative Period (qualified employees are offered coverage)
  o 12 month Stability Period (coverage period for qualified employees)

• The Initial Measurement Period for new employees will begin on the 1\textsuperscript{st} of the month following their hire date, unless the 1\textsuperscript{st} is the hire date

• New employees transition from “new” to “ongoing” after one full initial measurement period and one full standard measurement period

• There are different guidelines for qualified and non-qualified new hires
  • Rehired employees will be addressed soon (May?)
### New Employee (Qualified)

#### 12 Month Ongoing Cycle

<table>
<thead>
<tr>
<th>Period</th>
<th>Start Date</th>
<th>End Date</th>
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</thead>
<tbody>
<tr>
<td>12 Month Stand. Meas. Period 1</td>
<td>5/1/2014</td>
<td>4/30/2015</td>
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<tr>
<td>12 Month Stab. Period 1</td>
<td>7/1/2015</td>
<td>6/30/2016</td>
</tr>
<tr>
<td>Stab. Period 2</td>
<td>6/30/2017</td>
<td>6/30/2017</td>
</tr>
</tbody>
</table>

#### Qualification Period

- **New Hire**
  - A qualified new hire by rule, receives a stability period the same length as the initial measurement.
  - Initial Measurement Period: 6/1/2014 to 5/31/2015
  - Stability Period: 7/1/2015 to 6/30/2016

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Department of Human Resource Management
## New Employee (NON-QUALIFIED)

<table>
<thead>
<tr>
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<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
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### NON-QUALIFIED NEW HIRE

- **6/1/2014**: 12 month INITIAL MEASUREMENT PERIOD
- **5/31/2015**: Non-Benefitted STABILITY PERIOD
- **7/1/2015**: 12 MONTH STABILITY PERIOD 1
- **6/30/2016**: STABILITY PERIOD 2

### 12 MONTH ONGOING CYCLE

- **5/1/2014**: 12 MONTH STAND. MEAS. PERIOD 1
- **4/30/2015**: STANDARD MEASUREMENT PERIOD 2
- **7/1/2015**: STABILITY PERIOD 2
- **6/30/2016**: STANDARD MEASUREMENT PERIOD 3
- **6/30/2017**: STANDARD MEASUREMENT PERIOD 4

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**THE STABILITY PERIOD FOR A NON-QUALIFIED NEW HIRE CANNOT EXCEED 1 MONTH LONGER THAN THE LENGTH OF THE INITIAL MEASUREMENT PERIOD OR THE CONCLUSION OF THE STANDARD MEASUREMENT PERIOD (and associated AP) IN WHICH THE INITIAL MEASUREMENT PERIOD ENDS.**

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**Department of Human Resource Management**
These are ADMIN DAYS we will use to get new hires to their Initial Measurement Period. A person hired on the 1st of the month will start their Initial Measurement Period that day. Although, a person hired on the 2-30 (31) will begin their Initial Measurement Period on the 1st of the following month.
Tools

• Dedicated website for all employees
  o PowerPoint detail is available for review
  o FAQ’s (general and liability issues)
  o Downloadable management and supervisor brochure
  o Definition page
  o More information and tools to come
  o Video for supervisor and staff
• DHRM will send monthly reports to HR Manager’s
• DHRM will send HR Manager’s list of employee’s who qualify during the Administrative Period
• Interactive dashboard
Questions?

For More Information
Visit DHRM’s Affordable Care Act Website

For Questions
Contact ERIC 801.538.ERIC (3742) or your HR Manager