



ACA GROUP HEALTH PLAN COVERAGE MANDATE EMPLOYEE CLASSIFICATION AND ELIGIBILITY

The Affordable Care Act (ACA) imposes new rules governing offers of group health plan coverage by employers to their full-time employees. For this purpose, we have chosen to determine which employees are full-time employees under the “look-back measurement method.” These rules are explained at some length in our plan's summary plan description (SPD). The purpose of this memorandum is to describe how the look-back measurement method applies to both newly hired and other (ongoing) employees. These rules are important, since they determine the circumstances under which employees qualify for coverage and when.

Upon hire an employee will be classified as full-time, part-time, variable hour, or seasonal.

- A “full-time employee” is an employee who is expected to work on average 30 or more hours per week during each calendar month.
- A “part-time employee” is an employee who is not expected to work on average 30 or more hours per week during each calendar month.
- A “seasonal employee” is an employee who is hired into a position for which the customary annual employment is six months or less.
- A “variable hour employee” is an employee who we cannot determine is reasonably expected to be employed on average at least 30 hours of service per week during his or her “initial measurement period” (i.e., the 12-month period commencing the first day of the month following date-of-hire) because the employee's hours are variable or otherwise uncertain.

Employees classified as full-time will be eligible to participate in our plan on the first day of the calendar month immediately following two full months (sixty days) of employment (but only if they are still employed on that day). Part-time, seasonal and variable hour employees must first complete a 12-month initial measurement period (that starts on the first day of the month following date of hire) during which they are not eligible to participate in the plan. At the completion of the initial measurement period, an employee who has worked on average at least 30 hours of service per week during that period will be eligible for coverage on the first day of the next month (i.e., 13- and-a-fraction months after his or her hire date). Employees who qualify for coverage under this rule will remain eligible for a 12-month period (called the “stability period”) irrespective of their hours, provided they remain employed. An employee who fails to work on average at least 30 hours per week during his or her initial measurement period is not eligible for coverage during the corresponding stability period.

Employees who have been employed for some time are subject to similar rules, except that the testing period is a fixed period that runs from January 1 to November 30. This period is called the “standard measurement period.” Once an employee has worked through a full standard measurement period, he or she is no longer classified as fulltime, part-time, seasonal, or variable hour. He or she is instead an “ongoing employee.” An ongoing employee who works on average at least 30 hours of service per week during any standard measurement period will qualify for coverage during a stability period, which is the immediately following calendar year. An ongoing employee who fails to work on average at least 30 hours per week during any standard measurement period is not eligible for coverage during the corresponding stability period.

There are rules that govern the transition from newly-hired to ongoing employee that will affect when coverage might be available. In addition, where an employee experiences a break-in-service of at least 13-weeks, he or she may be treated as newly-hired upon their return. A similar result occurs under a “rule of parity” where a rehired employee may be treated as a new employee following a break of at least four weeks if the employee's break in service is longer than the employee's period of service immediately preceding the break in service. If you have questions about how these rules affect you, please call or contact our Employee Relations Team.