

Affordable Care Act-

What Departments Need to Know

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ACA-Brief Overview

- Effective January 2015
- MTSU required to provide health insurance to employees who average at least 30 hours per week or 130 hours per month.
- Employee Classifications that need to be monitored
 - GAs
 - RAs
 - Adjunct Faculty
 - Student Employees
 - Temporary Hourly Employees

Definitions

- Measurement Period – period of time used to calculate eligibility for variable hour employees – **10 months**
- Administrative Period – the period of time to calculate eligibility and notify the employee – **must be within 90 days or less from end of the measurement period**
- Stability Period – the length of time insurance coverage must be in place, if employee continues to be employed at institution – **once eligible for coverage employee will continue to be eligible until employment ended**

Eligibility – FT Temporary Employees

- If the employee is expected to work 30 or more hours/wk at the time of hire, the employee must be provided opportunity for coverage immediately.

NOTE: If Department is hiring employee to work 30 hours a week or greater they MUST notify Human Resources so coverage can be offered. Also, if hiring employee in multiple departments that will equal 30 hours or more must offer health insurance immediately.

- Can't deduct the summer weeks or breaks for academic positions in overall eligibility determination.
 - Applies to Graduate Assistants/Adjuncts/Resident Assistants – Ex. Graduate Assistant works more than 30 hours during the academic year but does not work in the summer - the employee would be eligible for health insurance.

Eligibility – Variable Hour Employees

- Expected hours worked unknown at time of hire = variable hour employee
- Use measurement period to determine eligibility
 - Initial Measurement Period – 1/1/2014 – 10/31/2014
 - On-going – 10 month rolling measurement period to determine eligibility

Eligibility – Adjunct Faculty

- IRS Guidance from February 2014 – 2.25 hours of service for each hour of teaching or classroom time
- Add any additional hours worked, such as office hours, or required meetings
- MTSU currently using 2.5 hours of service for each hour of teaching to calculate service hours. Under review by Academic Affairs to determine if adequate
- Calculation: $((\text{credit hours}) * 2.5 \text{ hours}) = \text{Hours per week}$

Eligibility – Student Workers

- Hours worked under the Work Study Program are excluded from the hours calculation.
- If Work Study Student has additional non-work study position assignments the non-work study hours will be counted for eligibility.
- Hours of service do not include unpaid internships or externships.
- Hours of service do include paid internships or externships.
- Other students working 30 hours/wk may be eligible.
- Students working more than one job may be eligible based on other job.

Gaps in Hours Worked

- If the employee's employment has ended but then is later rehired, the employee begins a new measurement period if they are not considered on-going. For an employee not to be considered an ongoing employee they must have a break of 26 weeks or longer.
- Seasonal Employees are employees whose appointments are not expected to be longer than 6 months.

Examples – Temporary Hourly

- **Scenario 1- We have a temp that has been working for us since January, 2014. She has averaged over 30 hours a week. She is taking her 14-day break in service in December 2014. We plan to rehire her back on January 2, 2015 at only 20 hours per week. Is she eligible for ACA health insurance in 2015?**
- **Answer:** Yes. MTSU's initial measurement period is January 1, 2014 – October 31, 2014. Since this temp averaged over 30 hours/week over the initial measurement period, and if rehired, she will be offered health insurance and coverage will begin January 1, 2015. If coverage is elected, the department account will be charged for the employer portion. If the temp were not rehired back or employment ended by December 31, 2014, there would be no obligation to offer health insurance.
- **Scenario 2- Our department wants to hire a temp in January, 2015. If we hire someone at 20 hours per week or less, do we still have to pay anything for health coverage under the ACA?**
- **Answer:** Maybe. If you hired someone who has never worked at MTSU, you would be safe in not having to pay for health coverage under the ACA. However, if your temp is hired in another job on campus for 10 hours a week in addition to your 20 hours a week, this will probably trigger ACA health coverage eligibility. At this point, your department might be responsible for 2/3 of the cost of health coverage.
- **Scenario 3 - We want to hire a temp employee in January, 2015, but only work them for 25 hours a week. We do not have the money in our budget to pay for health insurance. Are we okay doing this?**
- **Answer:** Maybe. As in the situation in Scenario 2, other jobs/hours, could impact eligibility. It is also very important to realize that if the person you hire has worked at MTSU in any capacity in the last 10 months (measurement period), this may also impact ACA health coverage eligibility due to the break in service rules and standard measurement periods.

Examples – Adjunct Faculty

- **Scenario 1- We have an adjunct faculty that teaches 6 credit hours per semester for the fall and spring semester. Will he/she be eligible for health insurance under the ACA?**
- **Answer:** No, if the adjunct only taught 6 credit hours they would not be eligible for health insurance under the ACA.

- **Scenario 2- Our department wants to hire an adjunct faculty as a temporary hourly in January, 2015. The Adjunct Faculty teaches 6 credit hours in the Spring semester and we need them to work 20 hours a week for the department. Will he/she be eligible for health insurance under the ACA?**
- **Answer:** Yes. If at the time of hire, you know the individual is teaching 6 credit hours and is going to work 20 hours a week, insurance must be offered to them immediately.

- **Scenario 3 - We want to hire a graduate assistant to work as an adjunct faculty member. Will he/she be eligible for health insurance under the ACA?**
- **Answer:** Maybe. If the graduate assistant has a full-time assistantship, this requires them to work 20 hours a week. Depending upon the number of credit hours assigned as an adjunct faculty member, the employee could be eligible. If assigned one 3-hour class that equates to 7.5 hours a week so they would not be eligible.

Examples – Student Employees

- **Scenario 1- We have a Graduate Assistant that has been working for us since August 2013 and had a 12-month GA Assistantship. She has also had a position in the Rec Center where she has worked approximately 15 hours a week. Will she be eligible for Health Insurance?**
- **Answer:** Maybe. If during MTSU's initial measurement period of January 1, 2014 – October 31, 2014 she has worked an average of 30 hours or more she will be eligible for coverage. The academic break periods cannot be used in the calculations to lower the average hours worked.
- **Scenario 2- Our department wants to hire a student worker in January, 2015. If we hire someone at 20 hours per week or less, do we still have to pay anything for health coverage under the ACA?**
- **Answer:** Maybe. If you hired someone who has never worked at MTSU, you would be safe in not having to pay for health coverage under the ACA. However, if your student is hired in another job on campus, this may trigger ACA health coverage eligibility. At this point, your department might be responsible for the cost of health coverage.

Health Insurance Costs

- Current Employer Premiums for Health Insurance
 - Single Coverage - \$521.55 monthly/\$6,258.60 annually
 - Employee + Children - \$782.34 monthly/\$9,388.08 annually
 - Employee + Spouse - \$1,095.26 monthly/\$13,143.12 annually
 - Family Plan - \$1,356.04 monthly/\$16,272.48 annually
- Once employee is eligible for health insurance the employer portion will be charged to the departmental budget.

Action Items

- Do not tell employees that you cannot work them because you can't afford to pay for health coverage. The reason for controlling hours is for budgetary reasons not to keep someone from obtaining health insurance.
- Communicate, communicate, communicate
 - Contact Human Resources immediately if you hire employee is going to work 30 hours or more .
 - Ask employees if they have other positions on campus at the point of hire.
 - Discuss work hours with other departments to determine amount of hours allowed to work.
 - Continue to follow-up with department and employee.

QUESTIONS
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