

Affordable Care Act (ACA) (Public Law 111-148)

The ACA was implemented on March 23, 2010 and is intended to increase access to health care for more Americans. This comprehensive legislation includes many changes that impact the commercial health insurance market, Medicare and Medicaid. ACA is also referred to as the “health reform act” or “Patient Protection and Affordable Care Act” or “Obamacare”.

Key Concepts

Employer Shared-Responsibility or “Pay or Play” Employer Mandate

Employers with at least 50 full-time equivalent employees (fulltime considered at 30 hours) are required to offer affordable, minimum value health insurance to their full-time employees or be subject to potential tax penalties under section 4980H if an eligible employee enrolls through the exchange and qualifies for a subsidized premium.

Individual Mandate

The Affordable Care Act requires nearly everyone to have health insurance that meets minimum standards. With some exceptions, people who do not maintain health insurance coverage will have to pay a penalty as of 2014.

Key Terms

Fulltime Employee – Under the ACA, an employee working 30 or more hours a week is considered full-time. A new employee who is reasonably expected to work full-time (average 30 hours per week) at his or her start date for 90 days or more is considered benefits eligible based on ACA rules.

Variable Hour Employee - A new employee is considered a variable hour employee if, based on the facts and circumstances at the start date, it cannot be determined that the employee is reasonably expected to work on average at least 30 hours per week for 90 days.

Measurement Period -The Measurement Period “or look-back period” is a safe harbor method to provide employers the option to use a look-back measurement period of up to 12 consecutive calendars months to determine whether variable hour employees or seasonal employees are full-time employees, without being subject to a payment under § 4980H for this period with respect to those employees.

Stability Period – The period of time a “variable hour” employee that averaged 30 hours during the measurement period would be treated as a full-time employee regardless of the employee’s number of hours

of service during the stability period, so long as he or she remained an employee. The stability period cannot be less than the measurement period.

Administrative Period – The administrative period includes all periods between the start date of a new variable-hour or seasonal employee and the date the employee is first offered coverage under the employer’s group health plan, other than the initial measurement period. This provides a period of time to evaluate eligibility and to complete the benefit enrollment process.

Texas A&M System ACA Periods

Existing Employees (hired on or before 8/1/2014)

- Initial Measurement Period for existing employees - 8/1/2014 thru 7/31/2015
- Initial Administrative Period following Initial Measurement Period – 8/1/15-8/31/15
- Initial Stability Period – 9/1/15-8/31/16
- Standard Measurement Period – 8/1/XX-7/31/XX of each subsequent year
- Standard Administrative Period – 8/1/XX – 8/31/XX of each subsequent year
- Standard Stability Period – 9/1/XX – 8/31/XX of each subsequent year

Newly Hired Employees (hired after 8/1/2014)

- Initial Measurement Period – 12 month period beginning the date of hire if hired on the first of the month or the first of the month following hire date.
- Initial Administrative Period following Initial Measurement Period – full calendar month beginning after the conclusion of the Initial Measurement Period.
- Initial Stability Period – 12 month period beginning at the conclusion of the Administrative Period following the initial Measurement Period for which benefit eligibility must be extended without regard to actual hours of service.
- The standard measurement for existing employees will be running in the background and the new hire will transition to the standard periods

View a [visual graphic here](#) of the initial measurement period, the administrative period, the stability period and the subsequent standard measurement period for existing and newly hired employees.

ACA Reports

A series of reports to assist departments with ACA compliance and provide information on hours worked for benefit determination will be provided by Benefit Services to departments with employees being monitored for potential ACA benefit eligibility. The reports are calculated on actual hours paid and not budgeted percent effort. The following is a list of the reports:

- Standard Measurement Period Individuals Currently Working 75% - Report sent monthly to departments with individuals appearing to average 75% or greater. This report includes two types of individuals:

1. Benefit-eligible employees currently only getting ½ SGIP employer contribution. These individuals will be required to receive full employer contribution during the stability period if their percent effort averages 75% at the conclusion of the measurement period. Existing State rules determine the use of State funds for SGIP employer contribution and any difference must be paid by department/local funds.
2. Non-benefits eligible employees (typically student and wage workers) appearing to reach benefit-eligibility by averaging 75% effort during the measurement period.

NOTE: Both types of individuals above meeting the 75% effort requirement at the conclusion of the measurement period will have benefits extended for the duration of the stability period beginning September 1 without regard to actual hours paid during the stability period provided they continue employment with Texas A&M System.

- Standard Measurement Period Individuals Currently Working Between 51%-74% - Report sent monthly to departments with individuals appearing to average between 51%-74% effort. Includes benefit-eligible employees getting ½ SGIP employer contribution and non-benefits eligible employees working between 51% - 74% effort during the measurement period. These individuals should continue to monitoring for potential benefit-eligibility.
- New Hire Initial Measurement Period - Report sent monthly to departments with new hired individuals appearing to average 75% or greater in their initial measurement period. The initial measurement period for new hires starts on date of hire (if hired on the first of the month) or the first of the month following date of hire and runs for 12 consecutive months. The standard measurement period runs concurrently starting Aug 1 following hire date.

These reports are critical tools to assist with monitoring ACA benefit eligibility; however, department supervisors and managers are still in the best position to review and monitor work hours and dual employment of their employees.

Employment Considerations

- For determination of hours worked, one course taught is equivalent to at least 20% effort.
- Texas A&M University System is the common employer because of the umbrella benefit plan; therefore, all hours worked at A&M System Agencies and Institutions are factored into benefit eligibility determination.
- Dual employment agreements are critical with departments working together for an awareness of hours worked in each position for employees holding multiple positions.
- All salary paid through Payroll Services must be calculated and reported with hours worked included.
- The measurement period applies to all employees, but only those in variable-hour positions are being reported. If an employee moves from a budgeted, benefit-eligible position to a variable-hour or non-benefit eligible position, the hours work during the look-back measurement period will be considered for benefit determination.

Breaks in Service and Impacts on Measurement/Stability Periods

It is important to recognize Texas A&M University System is the overall employer because all System Agencies and Institutions are covered under the same benefit plan. Therefore, previous employment including working at another System Agency or Institution may impact benefit eligibility under the ACA rules.

Rehires

The duration of the break in service between the previous employment and the date of rehire will determine the impact on the current measurement period for the rehired employee.

Length of Break in Service	Impact on Measurement/Stability Period
Break in Service MORE than 26 weeks	Treat as new hire - restart and begin new Measurement Period
Break in service between 4 – 26 weeks with amount of prior employment GREATER than break in service	Continue existing measurement & stability periods, but do not count break against employee (will average by smaller number of months to exclude the break in service)
Break in service between 4 – 26 weeks with amount of prior employment LESS than break in service	Treat as new hire - restart and begin new Measurement Period
Break in Service LESS than 4 weeks	Continue existing measurement & stability periods. Factor in zero hours during the break

NOTE: An employee that was in a stability period that is rehired within that same stability period will have benefits immediately reinstated.

Active Employees

Active employees who are in a leave status should not have the following types of leave counted against them during the measurement period.

- FMLA eligible leave
- Jury Duty
- Military leave
- Educational breaks (example summer months)

Instances where the above types of leave apply will have the number of months or weeks used for the average shortened accordingly when calculating the average.

Benefit Eligibility Rules – State vs. Federal

Currently State rules and Federal rules are not in sync. System Benefit Administration will work with the State Legislator during the upcoming legislative session to try to reconcile some of the differences.

State Eligibility Rules Based on Texas Insurance Code	Federal Eligibility Rules Based on Affordable Care Act
Fulltime Status – considered at 40 hours per week for more than 4 ½ consecutive months	Fulltime Status – considered if expected to work 30 hours per week for a 90 day period
Employer Contribution – State SGIP eligibility for State funds is available the 1 st of the month following 90 th day of benefit eligible employment	Requires affordable coverage by the 90 th day of employment (required employer contribution to be available the 1 st of the month following 60 days using local funds)
Full employer contribution only available for those considered fulltime working 40 per week	Requires fulltime status at 30 hours per week and may create an affordability issue only receiving ½ employer contribution (full contribution extended, but difference paid by dept./local funds).
Contains insurance eligibility exclusion for student workers	Does not differentiate titles for benefit eligibility with the exception of Federal Work Study

Employee Specific Information

Implementation of the ACA - a history of specific actions completed for ACA compliance impacting employee benefits:

- Preventive services covered at 100%
- Extended health coverage to dependents until age 26 regardless of marital status
- Restrictions on over-the-counter reimbursements under the FSA
- Maximum contribution under the Healthcare FSA limited to \$2,500
- Required Uniform Coverage Summaries
- Inclusion of benefits value on W2 tax statement
- Co-pays now included in the maximum out-of-pocket calculations
- Required marketplace notifications in response to the individual mandate
- Dependent social security numbers requested in preparation for IRS tax reporting for form 1095 to be generated with W2 tax forms prepared for 2015 taxes to be send in January 2016
- Effective September 1, 2015 - Prescription copayments and deductibles are factored into and included in the maximum out-of-pocket calculations for the health plan

Individual Mandate

- “Individual Responsibility Requirement” or “Individual Mandate” began 1/1/2014 requiring everyone to have health insurance or pay a tax penalty (unless qualify for exemption)
- Individual mandate is not considered a qualifying event to add coverage under the A&M Plan during the benefit plan year

Filing Taxes – New Information Required from IRS Regarding Benefits

As part of the Affordable Care Act, individuals are now required to answer information regarding their health insurance coverage when filing their taxes. The plans offered by the Texas A&M System meet the requirements for minimum essential coverage.

Department Resources

- [Measurement Period Graphic](#)
- [ACA Question and Answers](#)
- [ACA Benefit Eligibility Determination Flowchart](#)
- [ACA Report Information - sample reports](#)
- [ACA SGIP Employer Contribution Rates](#)