

VARIABLE HOUR AND SEASONAL EMPLOYEES UNDER THE AFFORDABLE CARE ACT



The Affordable Care Act (ACA) mandates that every employer with 50 or more full-time equivalent employees in the United States must offer health coverage to all full-time employees averaging 30 hours of service per week or pay a financial penalty.

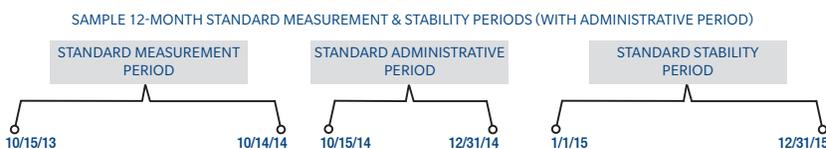
Although in many cases, the 30-hour per week calculation is fairly straightforward, for employers with variable hour or seasonal employees, the waters can become a bit muddled.

The employer mandate has been delayed until 2015 and specific timing is expected to be affected by the delay. However, following is a summary of the requirements under the Act's provisions.

ARE YOUR PART-TIME EMPLOYEES ACTUALLY FULL-TIME?

By the nature of employment, calculating your variable hour employees can be tricky. Under the provisions of ACA, a "variable hour" employee is an employee who, at the start of employment, the employer cannot in good faith determine whether the individual is expected to average 30 hours of service per week during an initial measurement period.

In order to be certain you are compliant with the regulations, the following outlines a process to follow in order to comply with the proposed measurement and stability period regulations for variable hour, part-time, and seasonal workers.



STEPS FOR COMPLIANCE

- Choose a look-back measurement period of 3 to 12 months and a stability period of no less than 6 months or the length of the measurement period, if greater
- If an employee averages 30 or more hours per week during the measurement period, the employee must be considered full-time for the subsequent stability period; if not, the employee will be considered not full-time for the stability period
- You may use an administrative period up to 90 days between measurement and stability periods to conduct enrollment
- Employees not employed for full "standard" measurement period must be evaluated on a rolling basis when employment reaches the length of the "initial" measurement period selected for new employees (e.g., on the employee's 1-year anniversary for a 12-month measurement period).

WHAT ARE YOUR FINANCIAL EXPOSURES?

Based on the new measurement requirements, your eligibility and participation rates for health benefits can skyrocket should you not make the appropriate health plan, staffing, or hiring adjustments.

In one scenario, a restaurant employer with a proportionally high number of hourly employees currently paying \$464,844 in benefit costs could see an **increase of up to \$500,000** in benefit costs under the new eligibility requirements.

Of consideration with respect to your total employment scenario is:

- Whether to “pay” or to “play” is the best financial decision under the new regulations
- If your plan is both affordable and sustainable
- What your financial exposure is under several different enrollment assumptions
- How to best adjust staffing and hiring protocols under the new staffing guidelines

HOW WE CAN HELP

As leading employee benefits consultants, we are 100% focused on health care. Our in-depth knowledge of insurance and next-generation benefits tools can help you:

- Analyze your enrollment options
- Calculate the potential financial implications under various staffing and hiring protocols
- Structure the right plan and contribution strategy for your organization
- Clearly communicate plan changes and ACA regulations to your employees
- Manage your benefits administration
- Adjust to health care reform regulations as requirements evolve/change

We understand health care and the financial, operational, and human resources impact of ACA on your business.

For more information, visit MMAAffordableCareAct.com or contact your local representative.

THE MMA ADVANTAGE

At Marsh & McLennan Agency, we have a dedicated team of experts across the country monitoring and analyzing health care reform and emerging regulations. This team within MMA and our parent company, MMC, is entirely focused on helping you understand and manage the impact of PPACA on your business. We'll be there to help you navigate today and prepare for the future.