

# AFFORDABLE CARE ACT SUMMARY

## REQUIREMENTS FOR VARIABLE HOUR AND SEASONAL EMPLOYEES

Under the Affordable Care Act (ACA), every large employer in the United States must offer health coverage to full-time employees or pay a financial penalty. Under the Act's provisions, eligible employees may include variable hour and seasonal employees, depending on the total hours worked over a defined period.

As the employer mandate has been delayed until 2015, it still remains to be seen how guidance on measurement and stability periods may change. To better assist you in navigating the complex tracking and reporting requirements of the Act, we have provided a summary of the current requirements for variable hour and seasonal employees under the Act's provisions.

### LARGE EMPLOYER DEFINED

Under ACA, the term "large employer" means, with respect to a calendar year, an employer who employed an average of at least 50 full-time equivalent employees.

### VARIABLE HOUR EMPLOYEE DEFINED

A "variable hour" employee defined under ACA 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 2014, an employer may apply any reasonable, good faith definition to the phrase "seasonal employee."

### PAYROLL PERIOD MEASUREMENT

For the ongoing variable hour measurement periods, employers can tie to payroll period. Since payroll periods can vary year to year (26 pay/year), the measurement periods can be set, but start and end periods vary. Use of pay period must reflect actual time of the measurement period. If a measurement period runs 10/15 – 10/14, the employer could start counting the first full pay period after 10/15. To do this, the measurement period would stop as of the pay period that includes 10/14.

## “MEASUREMENT” AND “STABILITY” PERIODS FOR DETERMINING FULL-TIME STATUS

The ACA specifies how employers will measure hours of service for variable hour and seasonal employees as outlined below.

### REQUIREMENTS FOR ONGOING VARIABLE HOUR EMPLOYEES

| MEASUREMENT PERIOD   | ADMINISTRATIVE PERIOD   | STABILITY PERIODS   |
|--|---|---|
| <input type="checkbox"/> Is at least 3, but no more than 12, consecutive calendar months | <input type="checkbox"/> Optional administrative period<br><input type="checkbox"/> Is no longer than 90 days | <input type="checkbox"/> Are at least 6 consecutive calendar months<br><input type="checkbox"/> Are no shorter than the ongoing measurement period<br><input type="checkbox"/> Period or periods cover entire year – such that ongoing employees who continue to work full time for the employer will have continuous coverage<br><input type="checkbox"/> Begins at the end of the measurement period or at the end of the administrative period if the employer chooses to have one |

### REQUIREMENTS FOR NEW HIRE VARIABLE HOUR EMPLOYEES

| MEASUREMENT PERIOD  | ADMINISTRATIVE PERIOD   | STABILITY PERIODS  |
|---|---|--|
| <input type="checkbox"/> Is measured from any date between the date of hire and first of the month following the date of hire<br><input type="checkbox"/> Is at least 3, but no more than 12, consecutive calendar months<br><input type="checkbox"/> Is same as, or up to 1 month shorter than, the initial stability period | <input type="checkbox"/> Is no longer than 90 days<br><input type="checkbox"/> Combined measurement period and administrative period isn't more than 13 months measured from first of month beginning on or after start date (so if employer using 12 month measurement period, maximum administrative period is 1 month or 1 and a fraction of a month)<br><input type="checkbox"/> Employees not employed for full “standard” measurement period are 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). Additional rules apply for transition from “initial” to “standard” measurement/ stability periods | <input type="checkbox"/> Are the same length (number of months) as the periods for the ongoing variable/seasonal employees |

## TO LEARN MORE

At Marsh & McLennan Agency, we have a dedicated team of experts across the country monitoring and analyzing the reform and the implications for your business. Our local team, backed by the resources of industry experts, is there to help you navigate today and prepare for the future.

For ongoing and in-depth information on the Affordable Care Act, please visit our dedicated Health Care Reform website [MMAAffordableCareAct.com](http://MMAAffordableCareAct.com) or contact your local MMA representative.

This publication is for information only and does not constitute legal advice.  
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