

To: USU Campus

From: Human Resources

Revision Date: September 30, 2014

Re: Frequently Asked Questions on the Affordable Care Act (ACA) at USU

QUESTION: Can an ACA Variable employee work full-time during the summer break?

****UPDATED** ANSWER:** Previously our information indicated that an ACA Variable employee could work some periods of full-time hours and still remain ACA Variable. It is now clear that if an ACA Variable employee works three consecutive months at 30+ hours/week, that position must be re-classified as ACA Fulltime and the employee must be offered coverage beginning the first day of the fourth month. If you have periods of time when you must have your ACA Variable employees work 30+ hours/week, this period should not be longer than three months or the position will be reclassified as ACA Fulltime and the employee must be offered coverage.

Conversely, if an ACA Fulltime employee works three consecutive months at LESS THAN 30 hours/week, the position would be reclassified as ACA Variable and the employee would no longer be eligible for medical coverage, but may be eligible for COBRA.

While USU has delayed offering medical coverage until July 1, 2015, keep in mind that employees may become eligible for that coverage based on work performed in 2014-15.

QUESTION: What if my ACA Variable employee takes an additional position at USU?

ANSWER: When an ACA Variable employee accepts multiple positions at USU, we consider the total number of work hours USU is requiring this employee to work. If USU is requiring an employee to consistently work 30+ hours/week, regardless of the number of positions the employee may hold at USU, the employee would be classified as ACA Fulltime and qualify for ACA medical coverage. The University is still working out the details on how the departments will be charged for this coverage.

QUESTION: How can I determine if an applicant already has a USU position?

ANSWER: Your Financial Officer or Business Manager should be able to find this information for you in Banner. For questions contact the HR Banner Help Desk at 435-797-1810 or hrbanner@usu.edu.

QUESTION: If an employee qualifies for medical coverage but is not working during the summer break, does the department have to pay the employer portion of the premium during the summer months?

ANSWER: No, if the department terminates the employee in Banner to signify the employee is not “actively at work”.

It is important that any employee leaving the University for the summer break is terminated timely in Banner even if the department believes that person will be returning in the fall. If employees are not terminated in Banner, it will appear as if they are “continuing employees” and/or “actively at work” and the department will be charged for employees who qualified for and accepted medical coverage prior to leaving for the summer.

If the employee leaving the University for summer break (and therefore being terminated in Banner) qualified for and was provided medical coverage prior to summer break, the terminated employee will be provided access to COBRA coverage when he/she is not “actively at work” during the summer break. The department will NOT pay the employer premiums when the terminated employee is on COBRA coverage. If re-hired in the fall, such employees will be given the option to return to regular medical coverage at employee premiums, as long as they are still in their Stability Period.

QUESTION: If an employee is terminated for the summer break, will a unit have to re-post the job to re-hire the individual?

ANSWER: For a re-hire in the same department, it is not necessary to re-post the position.

QUESTION: Is there a way in Banner to designate that an employee is not working but allow him/her to remain in the system so that the entire hiring process (requiring direct examination of legal documents, etc.) does not have to be repeated annually?

ANSWER: No. Under the new ACA rules, when there is a break in service, any employee who qualified for and accepted medical coverage will be offered COBRA coverage during that break, and when re-hired would be allowed to switch from COBRA coverage to regular coverage at employee rates. However, if that employee continues to show as “active” in Banner (meaning, not terminated), then COBRA would not be

available to the employee. If an employee who qualified for and accepted coverage remains in Banner as an active employee, the department will be charged for insurance during the break in service.

In addition, USU is required to report accurate data to the federal government on active vs terminated employees. Treating this break in service as something other than termination would not allow accurate reporting. Finally, the Form I-9 requirement states that if there is a break in service, the employee should be treated as a new hire. The new electronic I-9 system will make this process more efficient.

QUESTION: How soon should I process a termination EPAF for a departing employee?

ANSWER: All termination EPAFs must be processed and in the HR approval queue within two work weeks of the resignation notice or termination date. Failure to meet this termination deadline impacts federal COBRA rules and ACA reporting requirements. Retroactive or late terminations have federal reporting implications and possible ACA fines, depending on the situation.

QUESTION: What is the formula for crediting hours worked for TN2 (Teaching Non-Benefited) positions? How will we track hours for those individuals?

ANSWER: On 2/11/14, the IRS published Final Regulations on certain sections of the Affordable Care Act; one of those sections relates to “adjuncts” (TN2 or Teaching Non-Benefited positions at USU). These regulations have provided a formula for crediting hours worked by these employees, which USU has adopted. The formula is:

- 1 credit hour = 2.25 hours of work for prep/teaching/classroom time
- 1 work hour per week for each additional hour outside the classroom required by the University (e.g. required office hours, or required attendance at department meetings)

For example: A 3-credit hour class will equal 6.75 (3 X 2.25) hours per week counted as “work hours”. If the TN2 employee is required to have 2 office hours per week, those will be added, making a total of 8.75 hours of work per week.

A 4-credit hour class equals 9 hours per week counted as “work hours”. If this individual has 2 office hours per week, USU will credit a total of 11 hours of work per week. If this employee has two 4-credit classes (8 X 2.25 = 18 hours) plus 2 office hours per week, this person will be credited 20 hours of work per week.

A 5-credit hour class will count as 11.25 hours + 3 hours office time for a total of 14.25 hours worked per week. Under this formula, a person teaching two 5-credit classes per semester with 3 office hours/week will be credited 25.5 hours per week.

Credit hours for TN2 employees will default from Banner Student module when courses are set up. However, HR will contact departments regarding the number of expected office hours per week and enter that number for ACA accounting purposes. Any additional work required of this employee as part of the employment contract *beyond those accounted for in the formula above* such as hours attending mandatory department meetings or trainings must be entered into AggieTime by the employee and be approved by the department.

For condensed summer classes, call HR at 797-1810 to determine how credit hours will be defaulted.

QUESTION: May a unit designate workload expectations, in hours/week, in the contract with individuals who are Teaching Non-Benefited? “Office hours” are virtual in online course delivery and designating a specific number of hours may not be feasible with large (100-200 student) class sizes.

ANSWER: Departments should negotiate the number of office hours/week. HR will enter the office hour data into the ACA software. At this moment, there are no guidelines available regarding the teaching of online courses and the accompanying “office hours”. At present, AggieTime will default to 2.25 work hours /credit, and to the number of office hours as reported by departments each semester.

QUESTION: What happens if a TN2 employee (Teaching Non-Benefited) chooses to record work hours beyond the agreed number in AggieTime and these figures exceed the course hour expectation?

ANSWER: The supervisor will be able to see these extra hours entered by the employee in AggieTime and should discuss them with the employee teaching the course. The hours entered will be counted for purposes of ACA qualification, but the department is not required to continue to allow them to be worked.

QUESTION: Do hours worked as a Work-Study student have to be counted for purposes of the ACA?

ANSWER: No. Under the new regulations released by the IRS, the federal work study program (a federally subsidized financial aid program), is distinct from traditional employment in that its primary purpose is to advance education. Hours of work performed by students in positions subsidized through the federal work study program are not to be counted for ACA purposes. When the work study funding has ended, if you continue to employ these individuals, hours worked as non-work study employees will be counted for purposes of ACA qualification.

QUESTION: Will eligible employees be able to include their dependents in their ACA medical coverage? Will there be an extra cost to the employee or the department?

ANSWER: Yes, eligible employees will have the option to include their dependents in their ACA medical coverage. The employee will be responsible for the additional premium charges, but the cost to the department will remain the same.

QUESTION: Can I terminate an employee because they are “trending eligible” for ACA coverage?

ANSWER: No. Employees should not be terminated simply because they may soon qualify for ACA medical coverage. Rather, departments should manage work hours and expectations during the Measurement Period if they cannot afford ACA medical coverage costs. HR will notify departments throughout the Measurement Period if an employee is trending eligible.

QUESTION: Since USU was able to delay offering ACA medical coverage for ACA Fulltime employees until July 1, 2015, can I require my hourly employee to work 30+ hours (ACA Fulltime) until that date, and then drop their hours below 30 hours (ACA Variable) next year so I won't have to provide access to ACA medical coverage?

ANSWER: No. Though USU has decided to delay offering ACA medical coverage until July 2015, employees are still in the Initial Measurement Period (USU is still counting their hours of work) and employees working an average of 30+ hours per week during this period will be eligible for ACA medical coverage beginning July 1, 2015, if actively employed.

QUESTION: Can I hire an employee as ACA Fulltime because I know they will not accept ACA medical coverage?

ANSWER: Proceed with caution. Departments may wish to hire or increase work hours of employees who have verbally indicated they will be declining ACA medical coverage. These employees will be required to sign an “opt out” form at the beginning of their Stability Period. However, that “opt out” form is only applicable for that term of eligibility. An eligible employee will again have the option of accepting or declining ACA medical coverage during the next open enrollment period and at the occurrence of a “life event” (e.g. birth, death, marriage, divorce, loss of coverage, etc.).

QUESTION: Can I offer ACA medical coverage to an employee who doesn't qualify based on work hours?

ANSWER: No. If you wish to assist them in purchasing insurance coverage, you can provide them with additional salary to purchase insurance coverage elsewhere. In addition, some of these employees may qualify for federal subsidies, based on their income, when they purchase insurance in the marketplace.

QUESTION: Can my employee enroll in ACA medical coverage before employment begins?

ANSWER: No. Employees will be permitted to enroll in ACA medical coverage based on eligibility, not before.

DEFINITIONS

ACA Fulltime: There is a "reasonable expectation," at the start of employment, that the employee will be working full-time (30+ hrs/week), even if only for a limited (>3 months) time. Employee eligible for ACA coverage immediately.

ACA Variable: A position with hours that fluctuate during employment. May go to 30+ hours/week at certain times. However, based on facts and circumstances at the beginning of employment, it cannot be determined that the employee is reasonably expected to work an average of 30+ hours/week.

Initial/Standard Measurement Period: A 1-year period of time during which work hours are measured to determine potential future eligibility for access to ACA medical coverage. Initial Measurement Period will begin on employee start date. Standard Measurement Period is May 1 – April 30.

Standard Stability Period: A 1-year period of time following the Initial/Standard Measurement Period where, if the employee became eligible for ACA medical coverage during the Initial/Standard Measurement Period (averaged 30+ hrs/week for 12 months), the employee can enroll in ACA medical coverage. Standard Stability Period is July 1 – June 30.
