

The Affordable Care Act

**Update and Refresher for the
School Board of the
Tredyffrin/Easttown School District**

November 5, 2014

Previous Board Action

- Executive Session 1/27/2013
- Approved use of AESOP (substitute service) to limit substitutes' hours below full-time threshold
- Daily substitutes limited to 3.5 days each week or 130 per month

Previous Board Action

- Board meeting 1/27/2013
- Approved limiting hours of all part-time employees to no more than 27.5 per week beginning 2013-2014 school year

Previous Board Action

- Board meeting 7/8/2013
- Approved suspension of resolution limiting hours of existing part-time employees
- Approved limiting hours of new part-time employees to no more than 27.5 per week

Previous Board Action

- Executive Session 5/28/2014
- Begin 12-month measurement period July 1, 2015 unless Solicitor advises otherwise
- Offer benefits to 70 percent of FT employees beginning July 1, 2015
- Offer benefits to 95 percent of FT employees beginning July 1, 2016

Previous Board Action

- Continue existing practice of limiting part-time 10-month employees to summer employment of fewer than 30 hours per week
- Take direction from Jeff Sultanik regarding aides due to PLRB petition
- Limit hours of outside coaches/EDRs, part-time teachers, aides and others so long as compliant with Affordable Care Act

Previous Board Action

- Continue existing practice of replacing 30 or more hour per week positions with positions with 27.5 or fewer hours
- Continue existing practice of outsourcing positions that require 30 or more hours per week as available

Employer Mandate

- Broadly speaking, two parts
 - Provide coverage (play) *or*
 - Pay penalty (pay)

Employer Mandate

- Affordable coverage
- Provides minimum value
- Full-time employees and dependents
 - 30 hours per week
 - 130 hours per month
- Penalties

Effective Date

- District plan year – July 1 to June 30
- Delayed to July 1, 2016 if coverage offered to at least 70 percent of full-time employees and dependents
- Free pass for plan year July 1, 2015 to June 30, 2016 (no reporting or penalties)

Effective Date

- July 1, 2015 to June 30, 2016 plan year penalty assessed if District fails to offer coverage to at least 70 percent of its full-time employees.
- Beginning July 1, 2016 penalty assessed if District fails to offer coverage to at least 95 percent of its full-time employees.

Potential Penalties

- No coverage penalty – no offer of coverage to at least 95 percent of FT employees
- Unaffordability penalty – coverage offered but not affordable
- Employee receives subsidized coverage through the marketplace

No Coverage Penalty

- Penalty of \$2,000 per year based on entire FT population of employees (minus 30)
- Single employee receives subsidy through the marketplace

Unaffordability Penalty

- \$3,000 per year for every FT employee who receives subsidy

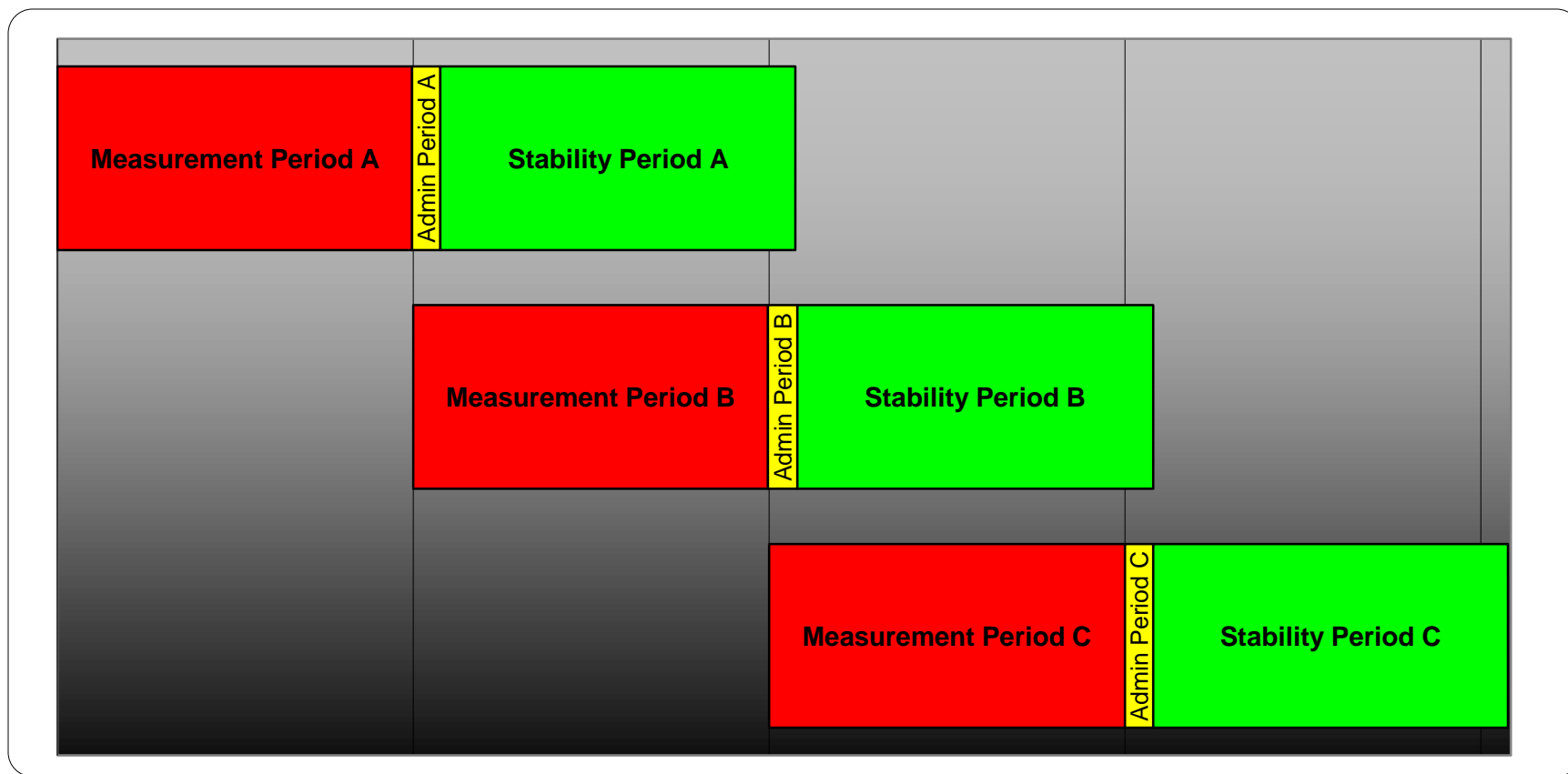
Determination of Full-Time Status

- “Look back” period for counting hours of service (measurement period)
- Subsequent “stability period” during which coverage is offered
- After initial measurement period will always be running simultaneous measurement and stability periods

Determination of Full Time Status

- Initial measurement period June 1, 2015 to May 31, 2016
- Administrative period during month of June, 2016
- Initial stability period July 1, 2016 to June 30, 2017

How It Works



Determination of Full-Time Status

- Track hours during measurement period
- Did employee work an average of 30 hours per week/130 hours per month?
- If yes, offer coverage to employee + dependents during subsequent stability period or pay a penalty
- Dependents = children to age 26, but not spouses

Special Rule for Educational Organizations

- When determining average hours worked
- May not account for employment break periods of at least 4 consecutive weeks (summer breaks)
 - Ignore the break period or
 - Credit employee with average number of hours worked during work year

Other Counting Rules

- All paid time off (personal leave, sick leave, vacation) counts
- FMLA leave, USERRA and jury duty also counts

Determination of Full Time Status

- Employees who fill multiple roles (e.g., aide who works in District after-school program)
- All hours worked in any role or capacity count
- To reduce risk consider prohibiting PT employees from participation in multiple roles

Determination of Full-Time Status

- Options for ED/EP only employees
- On a scale from most to least risk/exposure for the District
 - Treat them like “volunteers”
 - Include contract provision providing that they agree to work fewer than 30 hours per week
 - Require them to track their hours

Volunteers and the Affordable Care Act

- Receive only expense reimbursement, reasonable benefits or a nominal fee for services
- Notice only addresses fire fighters and volunteer emergency medical personnel
- Previous IRS guidance – fire fighters paid as little as \$7.00/hour are employees

Contractual Limitation

- Exposure if District audited and unable to demonstrate how hours were tracked during measurement period

New Hires

- If reasonably expected to work 30 or more hours per week (e.g., substitute teachers)
 - Considered full-time as of date of hire
 - Offer coverage within 90 days
- All other new hires get their own initial measurement period + stability period
- Eventual transition to District's standard measurement and stability periods

Break in Service Rules

- Continuing employee (not a rehire) unless no hours of service for at least 26 weeks
- If employee did not work for at least four (4) consecutive weeks and break period is longer than period employee worked immediately before break, then employee treated as a rehire

Minimum Essential Coverage

- Not stand alone plans
 - Disability
 - Limited scope vision/dental
 - Medicare supplemental
 - Specified disease or illness
- “Skinny plans” ~~permissible~~ (but may present other problems under Internal Revenue Code)

Affordable Coverage

- Employee premium contribution
- Self-only coverage
- Lowest cost option
- May not exceed certain benchmarks
 - 9.5 percent of W-2 wages
 - 9.5 percent of household income
 - 9.5 percent of federal poverty line for single individual

Affordable Coverage

- May not exceed 9.5 percent of W-2 wages (Box 1)
- Taxable compensation, not gross wages (less non-taxable items)

Minimum Value

- Plan covers at least 60 percent of total allowed cost of benefits (actuarial value)
 - Use of a minimum value calculator
 - Independent actuarial certification
 - Application of design-based safe harbors
- “Bronze” plans generally meet the requirement

Next Steps 2014 - 2015

- Begin initial measurement period June 1, 2015 (if you want to build in a one-month administrative period)
- Decide how to treat
 - ED/EP positions
 - Part-time employees in multiple roles

Next Steps 2015 - 2016

- Continue initial measurement period
- First administrative period during June 2016
- Offer affordable coverage to at least 70 percent of FT employees July 1, 2015

Next Steps 2016 - 2017

- Offer affordable coverage to at least 95 percent of FT employees July 1, 2016