



**PPACA: The 15-16 School Year, and Beyond**

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**PPACA Checklist**

2015

- Large Employer Number (Spreadsheet)
- Begin Lookback Counting
- Create Your First Legal and Practical "Impact List"

2016

- PPACA Reporting
- Staff Survey
- Form New Subgroups
- Finalize Lookback Counting
- Make Offers to Existing and New Employees
- Master the "new hire" rules

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**Large Employer and Reporting Timeline**

Calendar Year: tax, "Large Employer" counting, and PPACA reporting year	1095Cs & W2s	1094C & 1099s	Penalty Stuff Happens
1/1/15	12/31/15	1/31/16	2/28/16 or 3/31/16
			4/15/16
			Fall '16
	Calendar Year: tax, "Large Employer" counting, and PPACA reporting year	1095Cs & W2s	1094C & 1099s
	1/1/16	12/31/16	1/31/17
			2/28/17 or 3/31/17

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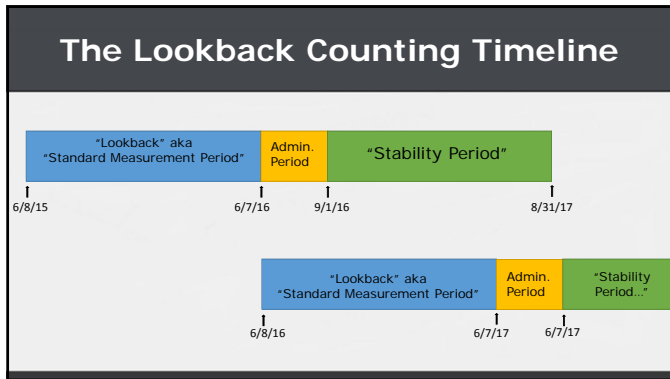
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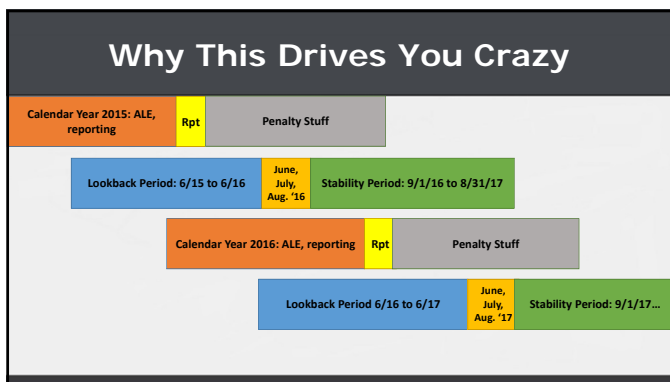
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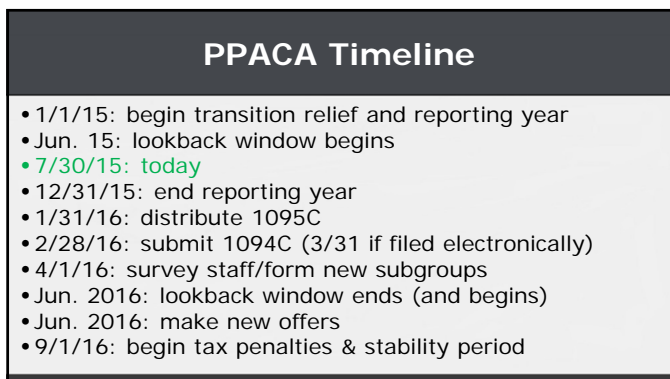
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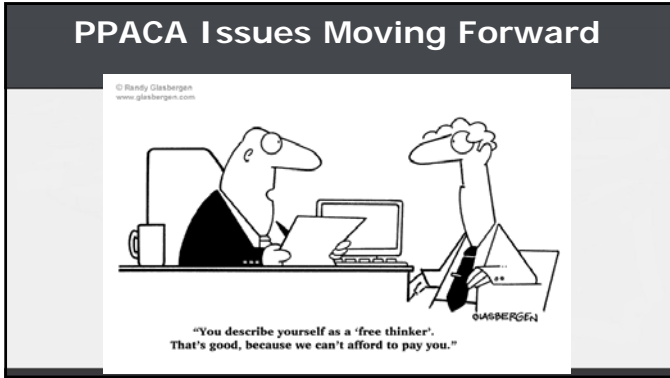
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### Full-time Employees

"The term full-time employee means, with respect to a calendar month, an employee who is employed at least 30 hours of service per week, or 130 hours of service in a calendar month."

- Employment break period: 4 weeks or more
- Hours of Service (numerator) / Weeks (denominator)

**Must "offer" affordable insurance to 95% (or all but 5) of your "full-time" employees.**

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### Create Your "Impact Lists"

- **Legal Impact List:** any employee who
  1. Is "full time"
  2. Does *not* receive affordable insurance
- **Practical Impact List:** remove
  - those receiving insurance elsewhere,
  - high household income,
  - Medicaid/Medicare/Chip eligible families, and
  - employees who refuse to use the exchange

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## Tax/Penalty Options

Copyright 2002 by Randy Glasbergen.  
www.glasbergen.com



"The word 'invoice' is too soft and friendly.  
We need a new word that means 'pay up or die'."

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## Understand Tax/Penalty Options for "Full-time" Employees

- **"Lookback Method"**
  - 12-months worth of data (June 2015 to June 2016)
  - Use the hours/weeks approach
  - If FT during "lookback" you count as FT for the "stability period"
  - If not FT during "lookback", then not full-time for the "stability period"
  - Only pay the tax penalty on those who are FT (and an unaffordable offer)
- **Monthly Measurement Method**
  - You pay the tax penalty only in those months where the employee works 130 hours
  - Allows calculation of penalties monthly based on hours for that month
  - Individuals who may not be FT during the "lookback" may have some FT months

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## Monthly vs. Lookback Paras

Para #1		Para #2	
Aug: 80	Feb: 140	Aug: 80	Feb: 140
Sept: 155	Mar: 150	Sept: 140	Mar: 130
Oct: 150	Apr: 135	Oct: 140	Apr: 135
Nov: 110	May: 100	Nov: 100	May: 100
Dec: 80	Jun: 0	Dec: 80	Jun: 0
Jan: 115	Jul: 0	Jan: 115	Jul: 0

- **Lookback:** 1215/40=30.38, so you pay \$3,000
- **Monthly:** 5 months of >130, so you pay \$1,250

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## How your "cash-in-lieu" can hurt you!




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**1095-C** Employer-Provided Health Insurance Offer and Coverage

2014

**Part I Employee Offer and Coverage**

Month	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
14 Offer of Coverage (letter required code)												
15 Employee Share of Lowest Cost Monthly Premium, for Self-Only Minimum Value Coverage	\$											
16 Applicable Section 4980H Safe Harbor (letter code, if applicable)												

**Part II Employee Offer and Coverage**

Month	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
14 Offer of Coverage (letter required code)												
15 Employee Share of Lowest Cost Monthly Premium, for Self-Only Minimum Value Coverage	\$											
16 Applicable Section 4980H Safe Harbor (letter code, if applicable)												

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## When cash-in-lieu is cash on top...

- IRS attorneys and the DOL have commented
- Assume Employee A has the following offer:
  - \$100/mo. toward insurance, district pays the rest, or
  - \$3000 cash in lieu of insurance
- DOL/IRS: "employee share" of insurance is **\$4,200**
- Employee forced to give up \$3,000 to accept offer
- Affordability based on Box 15
- Could have employee turn down "unaffordable" offer, take the cash, and obtain insurance on exchange
- Bargaining for post-transition relief begins this fall

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### The "new employee" definitions

- **"Full-time"**: expected to work 30 "hours of service" per week
- **"Part-time"**: expected to work less than 30 HOS/wk.
- **"Variable hour"**: cannot "reasonably determine" whether the employee will work 30 HOS per week
- **"Seasonal"**: works for 6 months or less beginning at the same time each year

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### The 3 Buckets

**Bucket 1: full-time employee**

- Treat as "full-time" employee right away
- Can have 90-day "limited non-assessment period"

**Bucket 2: part-time, seasonal, or variable hour**

- Use "initial measurement period" (IMP)
- Think "individual" measurement period
- Duration is irrelevant
- Don't have to offer coverage until IMP is over
- If FT, then "initial stability period"
- Possibly retroactive penalties

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### The 3 Buckets

**Bucket 3: not full-time employee**

- Not required to offer insurance
- Technically must track data for IMP
- Ex: 15-hour/week para
- You know the para won't ever be full time

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### Examples

**New custodian: 40 hours per week**

- Considered "full time" under PPACA
- Must offer affordable insurance within 90 days
- Enroll the employee in the regular 16-17 cycle

**Community Coach: variable hour or seasonal?**

- Survey says: probably seasonal (6 months or less)
- Works approximately the same time each year
- Use IMP and/or keep hours under 30/wk.
- May be treated as new employee with a "break in service" of 26 weeks or more

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### Examples

**New para: contract says 30 hours per week**

- Probably "variable hour" and subject to IMP
- Might not fit neatly within EHA enrollment systems
- Consider running IMP to align with regular "lookback"

**"Long-term Sub" for maternity leave**

- Probably a "full-time" employee
- Duration is irrelevant
- Ask: did he/she replace a full-time employee?
- Offer insurance? Maybe, maybe not...
- Be thinking about 95% (or all but 5) offer rule

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### Examples

#### **Retired teacher hired on "replacement contract"**

- Probably "full-time" employee
- Do you offer benefits for the replacement period?
- Risk of penalties and employee may count against your 95% offer rule

#### **Regular Substitutes**

- Variable hour
- Use IMP
- Consider a policy restricting regular subs to 30 hours, 4 days per week, etc.

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### Other Key Takeaways

- Considered a "new hire" if
  - Break in service of 26 weeks or more
  - Break in service is less than 26 weeks but longer than most recent period of employment
- This probably applies to all "seasonal" community coaches, but not if they sponsor 2 activities...
- Considering a former employee a "new hire" means beginning with the classification analysis and using an IMP if not "full time"

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### Other Key Takeaways

- Try to align IMP with standard lookback period
- Hire employees within 1 month of your regular "lookback period"
- Could be best to treat your regular subs as "ongoing employees" and use your standard lookback period
- Probably don't count as "new employees"
- Rarely will be FT, but can add in bigger chunks of subbing and keep them under FT status
- Take a hard look at your policies regarding long-term subs and replacement contracts

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