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Affordable Care Act:
Where Can You Turn for Help?

Beginning January 1, 2015, organizations with 50 or more full-time-equivalent employees, called **applicable large employers**, are subject to hefty penalties if they don't offer health insurance to full-time staff. Employers should prepare now—employee service hours in 2014 will dictate full-time status in 2015. But, many employers remain confused.

Where can you turn? Attendance on Demand recommends that you seek advice from your trusted business partners.

Your Benefits Administrator

Your health plan has to meet three key standards to avoid penalty:

- Minimum essential coverage: the plan has to cover mandated services.
- Minimum value: the plan must cover 60% of the cost of services.
- Affordability: the employee's share of premiums must not exceed 9.5% of household income.(The IRS has outlined three safe harbor methods of computing affordability.)

Your benefits administrator can guide you through the details of your plan options and how they meet these standards.

In addition, being familiar with the dates and details of your plan's benefit coverage period and open enrollment period will help you to define timeframes for determining employee full-time status.

Your Workforce Management System Provider

If you have a workforce management
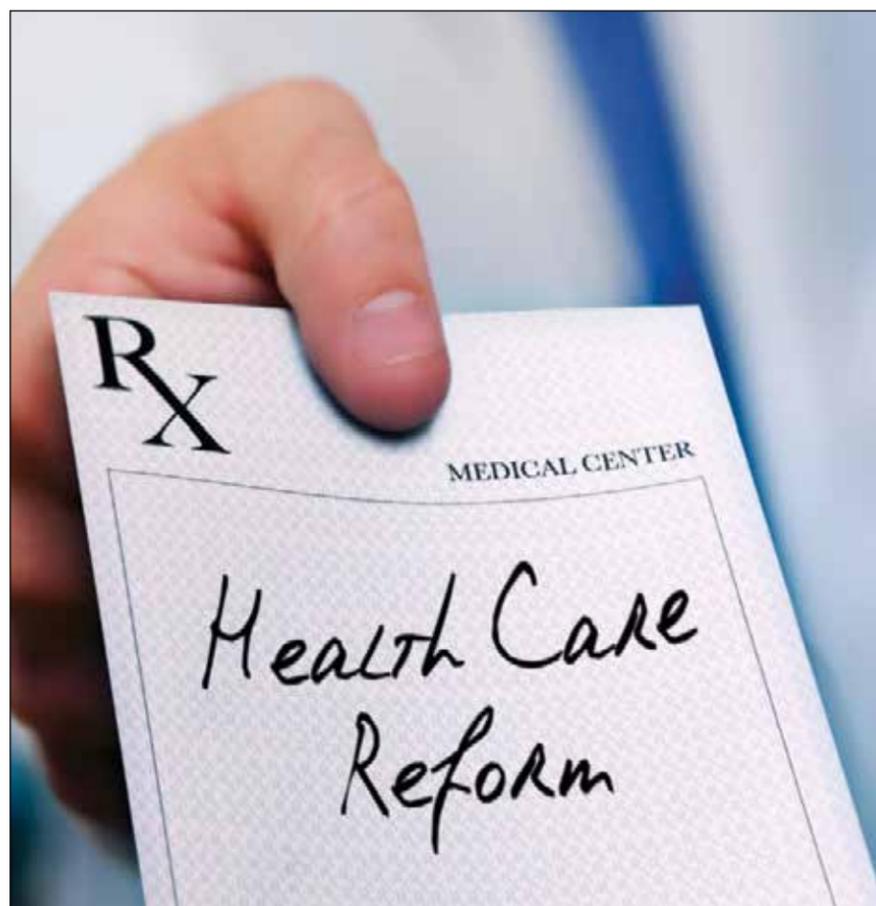
or time and attendance system in place, talk to your provider. As specialists in tracking employee time, these providers can help automate the process of measuring employees and determining full-time status.

About the Determination Process

Measuring employees according to the IRS safe harbor rules involves three sequential timeframes: measurement, administrative, and stability periods.

Employee service hours are tracked during the **measurement period**. Service hours include all paid time such as paid leave, vacation, sick time, and worked time. As a best practice, the measurement period is the same length as the stability period.

The **administrative period** is optional and is used to determine employee full-time status based

on average service hours in the measurement period— 130 hours per month or 30 hours per week on average. Employees are notified of their status, and full-time employees are offered insurance and enrolled during this time. As a best practice, the optional administrative period is used, and it encompasses your benefit plan's open enrollment period.

The employee's status, full-time or not-full-time as determined during the administrative period, is established for the duration of the **stability period**. If an employee's status is full-time and enrolled, the employee is insured for the entire stability period. As a best practice, the stability period aligns with your plan's benefit period. If you have a 6-month benefit period, then you have a 6-month stability period. If you have a 12-month benefit period, then you have a 12-month stability period.

How Workforce Management Software Can Help

Good workforce management systems can automate the calculations and alleviate much of the work associated with determining company applicable large-employer status and employee full-time status according to the Affordable Care Act.

Talk with your provider and look for the following features:

- Applicable large employer reporting
  - Automatic calculations for full-time and full-time equivalents (FTEs) according to the Affordable Care Act.
  - Monthly and yearly employee averages
  - Seasonal employee exclusions
- Measurement, administrative, and stability periods
  - Support for multiple employee categories (different periods for different groups such as

employees in different states or unionized employees)
  - Support for initial periods for new and seasonal employees
  - Historical tracking of previous years' measurement, administrative, and stability periods
- New and seasonal employees
  - Automatic assignment of initial measurement, administrative, and stability periods
  - Option for beginning measurement at the beginning of the first full month of employment
  - Employment gap reporting for rehires
- Employee status maintenance
  - Automatic status determination according to weekly or monthly averages during the measurement period
  - Manual overrides and status edits by authorized personnel
  - Archiving of status changes and results of each measurement period
- Part-time employee management
  - Automatic notification when part-time employee hours approach full-time thresholds
  - Automatic notification when part-time employees are over-scheduled

Your Tax Advisor

The Affordable Care Act requires new tax filings. Some reporting requirements are already in effect. Others take effect for the 2015 tax year, filed in 2016. Proposed regulations include a separate information return for each employee, Form 1095-C, detailing information about the employer, the employee, and employer-offered healthcare. A transmittal form, 1094-C, is also required.

In addition, the proposed rules also require a notice to full-time employees

containing information similar to what is included in the return.

Tax professionals will keep abreast of IRS final rulings, possible new W-2 reporting codes for employee notices, and final details of the new forms. Your tax advisor can assist you in adhering to new tax regulations related to the Affordable Care Act.

Rely on Your Partners

It is nearly impossible to become an expert on the Affordable Care Act before you have to implement its rules. However, you can rely on the expertise of others. Attendance on Demand is ready to assist you and encourages you to find and work with benefits, workforce management, and tax professionals who can provide compliance guidance.

This article simplifies a complex Act as it is understood by Attendance on Demand, Inc. It is not to be taken as legal advice. For further information about PPACA compliance, please contact the U.S. Department of Labor or Internal Revenue Service.

About Attendance on Demand

Industry-leading Attendance on Demand is a secure, cloud-based time and attendance service with no software to buy or upfront hardware infrastructure costs.

Attendance on Demand offers affordable, monthly, per-employee billing, as well as:

- On-demand labor management tools
- PPACA features
- Scheduling
- Timekeeping
- Absence management
- Budgets
- Benefit accruals

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