Last Revised: August 31, 2015

Under the Affordable Care Act (ACA) the definition of Full-time includes variable hour employees who are paid an average of 130 hours/month (30 hours week). The mandate for Employer health insurance coverage is not based on hours actually worked, but rather, hours paid. Examples include paid vacation leave, sick leave, jury duty pay, etc. This definition has been termed the “30-hour rule”.

The following FAQs have been developed to assist in administrating the ACA.

Please contact Human Resources at 517-353-4434 with ACA inquiries. Questions regarding employment definitions should be sent to Temphire@hr.msu.edu.

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I.  Employee Status

What happens if an employee is paid for an average of 30 hours or more during the measurement period but reduces paid hours to less than 30 during the stability (benefits) period, such as a change to on-call status? Any employee who qualifies for benefits during a measurement period becomes eligible for benefits during the following stability period without regard to how many hours are paid during the stability period.

How are Research Associates impacted? While final technical language has not been released from the IRS/DHHS, paid time will be measured in the same manner as other employee groups. Should a Research Associate meet the 30-hour definition, health coverage would be offered in the same manner as other employees with the employing unit being charged. Excludes anyone paid through an account transfer.

Graduate Assistants (GA): GAs meeting the 30-hour threshold mandate will be offered access to the Consumer Driven Health Plan (CDHP) even though they may be covered by student insurance (Aetna). The health fee will be assessed to departments only if the GA enrolls in the CDHP. At the conclusion of the Assistantship, mandated coverage may be offered for the remainder of the stability period if applicable and there is an on-going employment relationship.

Retirees who return to work: If an employee retired with a minimum 50% contribution to an MSU health plan, there will be no charge to the department for mandated coverage because they are eligible for MSU health coverage as a previous employee.

Resident Assistants (RA): while RA’s receive “in-kind” housing and a meal plan, time associated with their assignment is excluded from being measured for ACA purposes.

Seasonal employee: the ACA regulations do not provide a definition of the term seasonal employee. Once a definition is released, we will revisit if/how it applies to MSU employees.

Student Employees: Students meeting the 30-hour threshold mandate will be offered access to the Consumer Driven Health Plan (CDHP). The health fee will be assessed to departments only if the Student enrolls in the CDHP. The department could be charged the health fee if a student changes status to temporary/on-call for example and they meet ACA eligibility rules, whether or not they actually enroll in MSU health coverage.

Temporary positions or Fixed Term positions will be combined to determine immediate eligibility. For example, an employee hired for a 50% temp position in department A and 25% Fixed Term appointment in department B would be eligible to enroll in coverage with both departments assessed the health care fee.
Employment categories/information:
For Faculty/Academic on-call hourly
http://www.hr.msu.edu/hiring/facultyhiring/hourlyoncall.htm

Students and Graduate Assistants:

U.S. citizens and permanent residents cannot work over 29 hours per week on ALL jobs combined to include Graduate Assistantships during the fall and spring semesters.

International students cannot work over 20 hours per week on ALL jobs combined to include Graduate Assistantships during the fall and spring semesters.

All students may work up to 40 hours per week starting finals week, the periods between semesters, the first week of fall classes and during summer semester.

For Temporary and On-Call information:
http://www.hr.msu.edu/promotion/supportstaff/oncallTempTitleList.htm

What happens to health coverage when a full-time employee changes to on-call or temporary? They will be offered coverage under the CDHP-HAS effective the first of the month following their change in status, for the remainder of their stability year. The health fee would be charged to the department they are employed in. At the end of the stability year, they may be eligible to continue coverage under the CDHP provided they are active and meet the 30-hour rule threshold.

What happen to health coverage if an on-call or temporary employee becomes part-time (50% or higher) or full-time? The employee may enroll in health plans associated with support staff or faculty academic staff. The ACA health fee no longer applies.
II. Eligibility

The 30-hour rule includes two groupings of employees as follows:

a. Immediately Eligible. Beginning January 1, 2015, if MSU expects a non-benefit-eligible employee to be paid an average of 30 hours per week for at least 90 days, at the time of being newly hired or appointed, the employee will become immediately eligible for mandated insurance and must be offered the opportunity to enroll in the MSU designed health plan. Under MSU practice this will be effective the first of the following month of the hire date. If the employee at any point within the first year of hire is expected to be paid 30 hours per week or more for 90 days or longer due to a change in assignment or status, he/she will also become immediately eligible for coverage. This scenario also includes those employees who are rehired at MSU with a break in service greater than 26 weeks. Types of employees becoming immediately eligible may include fixed-term faculty/academic staff appointed less than 9 months, certain on-calls and temps. For students who may meet Immediately Eligible criteria, please complete a Notification Form (http://www.hr.msu.edu/healthystate/documents/ACA_exception_form.pdf) and forward to Human Resources.

Not Immediately Eligible. Non-benefit-eligible employees, who have worked for the university for at least one year without a break greater than 26 weeks and are transferring into a position where they are reasonably expected to work an average of 30 hours per week, will not be given immediate eligibility. Immediate eligibility only applies to the employee during their first year of employment after new hire or rehire.

b. Measured (Variable hour).
   i. Newly hired or rehired (after a break greater than 26 weeks) employees who work a variable schedule where it is not known whether they will work an average of at least 30 hours per week for 3 months or more. A one-year measurement period applies effective the first of the month following the date of hire or rehire and health coverage must be offered only if the employee is paid an average of 30 hours per week over the measurement period. This measurement period for new hires and rehires is called an “initial measurement period”.
   ii. Current employees – All paid existing employees will receive a “standard measurement period” each year beginning January 1st through December 31st. If the employee is paid an average of 30 hours per week over the measurement period, mandated coverage must be offered for the following calendar year, which is referred to as the “stability period”. Health coverage that is offered would begin the first of the month following the measurement period.

1 A break in service is defined as a period during which the employee is not credited with any hours of service and whose status is withdrawn.
c. Employees who are newly hired or rehired after a break greater than 26 weeks will have both an initial measurement period and a standard measurement period which will overlap one another for a period of time.

d. The Initial and/or Standard measurement period still applies and hours averaged before/after a break in service that is more than four consecutive weeks and less than 26 weeks.

e. The University is responsible for determining which employees meet the criteria for eligibility for mandated health insurance and will produce the ACA Time Report.

f. All paid employees, regardless of their MSU benefit eligibility, will be measured and given a stability period, if earned during the preceding measurement period. This is necessary so that if a regular benefit eligible employee loses MSU benefit eligibility due to a change in employment status, mandated eligibility would “kick in” and become applicable during the following measurement period.

g. Regular benefit eligible employees who change employment status to less than 50% (9 months or more) will be offered access to CDHP and departments will be assessed the health fee.

Active employees who receive a W2 from MSU will have their time measured whether or not they are immediately eligible as described above.

How will faculty and academic staff have their time measured? For purposes of ACA only, hours will be estimated by converting percent of employment into an hourly equivalent based on a 40-hour week, e.g. a 75% appointment would be calculated as .75 x 40 hrs = 30 hours per week.

Project Pay: hours will be estimated by dividing the total pay by an average estimated hourly rate for the employee type. Average rates used for calendar year 2014-15 calculations will be $10 per hour for student employees; $14 per hour for support staff and $50 per hour for faculty/academic staff. Average rates may be updated annually each January.

For the employer shared responsibility provisions, the term “legal resident” is not used when it comes to offering coverage. The requirement is to offer coverage to full-time employees.

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2 The period of time between four and 26 weeks is not included in the average; the average only includes time before and after the four to 26 week break.
III. Health Care Coverage and Fee

When is the soonest health coverage would apply to the Immediately Eligible group and/or when the employee meets eligibility?

a. For employees who meet Immediately Eligible criteria, coverage would be effective the first of the month after their hire date.

b. For employees who do not meet Immediate Eligibility criteria, coverage would be effective the first of the month immediately following when their measurement period ends.

How much will departments be charged for “mandated” health coverage? Mandated health coverage is coverage for employees who are not eligible under traditional MSU policies but are required to be covered under Health Care Reform.

a. Approximately $5,000/annually or $417/month (actual charge is based on the premium equivalent for the plan made available to them).

b. The amount charged is based on eligibility not actual enrollment.

When and how will the unit/department be charged?

a. The department begins to pay at the point an employee is eligible for mandated health coverage. For example, on a monthly basis at the point the measurement period ends and the stability period begins or if a department reasonably expects to pay an employee an average of 30/hours week for 90 days or more at the time of hire or appointment, under the immediately eligible definition.

b. The department responsible for the monthly fee, will be the primary org unit listed on the employee’s active assignment(s) on the last day of each month. An employee is considered active in an assignment if their employment status is active or inactive (leave of absence without pay) for a given primary org, regardless of whether the employee is receiving pay. If the employee has more than one active assignment, the fee will be split equally among the primary departments (org units). Assignments with no-pay positions will not be included.

c. The charge will be collected on a monthly basis. Human Resources will request the departments to provide an account to be charged for all ACA fees. Departments may provide an account to HR benefits via email at hr.ACAHealthFeeInfo@hr.msu.edu to be charged for all ACA fees for each unique organization unit.

d. If no account is provided, the department’s central salary account will be charged. Because the transaction will originate in KFS, departments may use KFS documents to reallocate the charge after it has been processed.

e. The monthly fee will be charged by KFS entry to object code 6645 ‘ACA Health Fee’.

f. The ACA health charge is a fee to units and is not a component of MSU’s benefits charging process.

g. The ACA health fee will not be considered in any retroactive employment changes. Once a charge is levied (or not levied) it will stand.
May I use a Contract and Grant Account for ACA fees? Yes, the ACA fee will be allowable on RC accounts, however, an RC account cannot be used as the default account provided by a department to HR. Once charged to the department, the ACA fee can be allocated to the appropriate account(s), including RC accounts, using a Distribution of Income and Expense (DI). If the allocation includes an RC account and is not completed within 90 days, a General Error Correction must be used, as this will be considered a late cost transfer. For more information on charging the ACA fee to RC accounts, please contact Contract and Grant Administration or email transactions@cga.msu.edu.

What if the employee is paid from multiple units, transfers to another unit(s), or falls below the 30 hour threshold during the stability period? Who pays for the health coverage?

a. If the employee works for multiple units, the health premium will be DIVIDED EQUALLY AMONG ALL EMPLOYING UNITS.

The department(s) responsible for the monthly fee will be the primary org unit listed on the employee’s active assignment(s) on the last day of each month. An employee is considered active in an assignment if their employment status is active or inactive (leave of absence without pay) for a given primary org, regardless of whether the employee is receiving pay. If the employee has more than one active assignment, the fee will be split equally among the primary departments (org units). Assignments with no-pay positions will not be included.

b. What if the eligible employee transfers to another unit?

The unit or units receiving the employee will pay for the health coverage. If an employee qualifies for coverage by meeting the 30 hour threshold and subsequently transfers to another department(s), the responsibility for payment moves with the employee to the other department(s) for the duration of the stability period, which is typically one year.

c. What if the employee reduces his/her time to less than 30 hours per week?

If the employee is paid an average for 30 hours/week for Unit A, then transfers or is employed by Unit B (or multiple units) and is paid only 20 hours/week, Unit B (or the multiple units on a prorated basis) will be charged for the health coverage for the duration of the stability period (coverage period).

For question regarding the fee, please contact hr.ACAHealthFeelinfo@hr.msu.edu or visit the MSU Human Resources ACA Site.
IV. Measurement

How will faculty and academic staff have their time measured? For purposes of ACA only, hours will be estimated by converting percent of employment into an hourly equivalent based on a 40-hour week, e.g. a 75% appointment would be calculated as .75 x 40 hrs = 30 hours per week.

**Project Pay:** hours will be estimated by dividing the total pay by an average estimated hourly rate for the employee type. Average rates used for calendar year 2014-15 calculations will be $10 per hour for student employees; $14 per hour for support staff and $50 per hour for faculty/academic staff. Average rates may be updated annually each January.

When will the 12-month standard measurement period begin and end?

a. The first measurement period for all active employees begins January 1, 2014 and ends December 31, 2014.

b. The measurement period restarts each January 1\textsuperscript{st} thereafter.

c. Coverage under the MSU health plan would begin no earlier than January 1, 2015 for the newly mandated employees.

What happens if an employee is paid for an average of 30 hours or more during the measurement period but reduces paid hours to less than 30 during the stability (benefits) period, such as a change to on-call status? Any employee who qualifies for benefits during a measurement period becomes eligible for benefits during the following stability period without regard to how many hours are paid during the stability period.

The Initial Measurement Period will begin the first of the month following date of hire. A Standard Measurement period will begin January 1\textsuperscript{st} following the date of hire. The measurement periods may run concurrently.
V. Time Report

How can units/departments track the amount of time an employee is paid, particularly if multiple units are involved? Departments should use the ACA Time Report to track an employee’s potential eligibility. This report captures time paid to each employee across all organizational units and is available through the Unit Administrator tab in SAP. More information on time report is available at ACA Time Report Guide.

Summer Pay: hours paid for summer pay will be included in the ACA Time Report. Those hours will be calculated based on employment percent of the employee. For Grads and Annual Faculty, their employment percent for their summer appointment will be utilized to convert hours. For Academic Year Faculty, employment percent will be derived based on summer monthly amount in comparison to their regular academic year monthly FTE salary and converted to hours (see example below).

Example: $4,000 Academic Year Monthly FTE Salary

$1,000 Summer Monthly Salary

1000/4000 = .25

40 (based on a 40 hour/week)*.25 = 10 hours weekly for duration of Summer Pay Appointment

Student work-study programs: service performed by students, under federal or state-sponsored programs, do not need to be counted in determining whether they are full-time employees. Please note that the ACA Time Report will include these hours initially with the hours being removed as part of a manual process in Human Resources at the end of the measurement period.