

## Determining Full-Time Employees

People

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Time	Notes
:18	<ul style="list-style-type: none"><li>• The ACA's Employer mandate is still in force for 2019.</li><li>• Applicable Large Employers (those with 50 or more FTEs in prior calendar year) need to make offers of coverage to 95% of their full-time employees or pay a penalty.</li><li>• Our focus today is determining who those full-time employees are.</li></ul>
1:25	<ul style="list-style-type: none"><li>• Full-Time under the ACA means the employee averages at least 30 hours/service per week or 130 hours of service/month as defined by use of a measurement method</li><li>• There are two allowable methods for measuring hours; The Lookback Measurement Method and the Monthly Measurement Method.</li><li>• If an employer does not choose a method, then it will be default be considered to use the monthly measurement method.</li></ul>
2:40	<p>The monthly measurement is exactly what it sounds like.</p> <ul style="list-style-type: none"><li>○ Employees are measured on a month-to-month basis to determine whether they are full-time or not. For any month in which an employee has at least 130 hours of service, an offer of coverage must be made.</li><li>○ This is a real-time measurement approach. There's no measurement period involved.</li></ul>
3:35	<p>Because of the administrative difficulties involved in making offers of coverage for months in which an employer doesn't know at the beginning if the employee will be FT or not, this method is best for employers who have mostly regular full-time and regular part-time employees.</p>

<p>4:23</p>	<p>The lookback measurement method is a bit more involved.</p> <ul style="list-style-type: none"> <li>○ At a high level, the lookback measurement method involves measuring employees over a certain length of time (this is called the “measurement period”) and,</li> <li>○ for those that are determined to be full-time during the measurement period because they averaged 130 hours of service/month, making an offer of coverage for a certain length of time (the “stability period”).</li> </ul>
<p>5:55</p>	<p>This method works best for employers with employees who don’t fit neatly into the full-time or part-time buckets. When employees are first hired, an employer must categorize them as one of the following:</p> <ul style="list-style-type: none"> <li>○ <b>Full-Time</b> (At the time of hire, the employer reasonably expects the employee to be full-time)</li> <li>○ <b>Part-Time</b> (At the time of hire, the employer reasonably expects the employee to be part-time)</li> <li>○ <b>Seasonal</b> (At the time of hire, the employer expects the employee to work for no longer than 6 months, and those 6 months correspond with a season that occurs at the same time each year – e.g., each summer or each winter)</li> <li>○ <b>Variable Hour</b> (At the time of hire, based on the facts and circumstances, the employer cannot reasonably know how many hours of service the employee will have each month)</li> </ul>
<p>9:37</p>	<ul style="list-style-type: none"> <li>● In addition to the <b>standard</b> measurement and stability periods, employers using the lookback measurement method must also put in place what are called <b>initial measurement periods</b> and <b>initial stability periods</b> for employees hired as PT, VH, or seasonal.</li> <li>● IMP can be up to 12 months long</li> <li>● The IMP can start on the date of hire, or on the first of the month following the date of hire (or any date in between)</li> <li>● If the employer wishes to use an administrative period, then the total combined IMP and administrative period cannot extend beyond the anniversary of the first of the month following the first full calendar month of the employee’s date of hire.</li> <li>● At the end of the IMP, the employer will determine whether or not the employee achieved at least 1560 hours of service. If yes, then coverage must be offered for the duration of the associated stability period. If no, then no offer is needed.</li> </ul>

- But keep in mind that, like full-time new hires, VH/Seasonal/PT hires become “ongoing” after they’ve been employed for the duration of a **standard** measurement period. So, **in addition to the IMP, the employer must also “re-measure” the employee at the end of its standard stability period.**
- If these employees measure as FT during the SMP, then an offer of coverage must be made for the standard stability period (even if the employee didn’t achieve FT status during the IMP)
- The key takeaway here is that employers are not necessarily off the hook once the IMP ends for PT/VH/Seasonal employees. If these employees remain employed, they’ll eventually fall into the same standard measurement period cycle that applies to full-time employees, and an offer of coverage may be needed at some point in the future. At this point, the labels “FT, PT, VH or Seasonal” don’t really matter. Employees who have been employed for at least one standard measurement period are all considered “ongoing.”

**Example**

*Employer T has a standard measurement period of November 1 – October 31, a two-month administrative period, and a standard stability period of January – December.*

*Employer T hires a new variable hour employee on April 12, 2018. Employer T puts the employee into an IMP that begins on May 1, 2018 and ends on April 30, 2019.*

*At the end of the IMP (April 30, 2019), if the employee achieved 1560 hours of service, Employer T is required to make an offer of coverage for the associated 12-month stability period that begins no later than the first of the month following the first full month after the date of hire (so in this example, no later than June 1, 2019).*

*Now let’s say the employee did not achieve 1560 hours of service during the IMP, Employer T is not required to make an offer of coverage for the associated stability period beginning on June 1, 2019.*

**However**, *Employer T should look at the employee’s hours again in October 2019 (the end of its standard measurement period) and, if full-time, must make an offer of coverage by January 1, 2020 if the employee achieves 1560 hours of service for the SMP.*

- *This is true even though January 1, 2020 occurs before the end of the stability period associated with the IMP (May 30, 2020).*

