



SESSION
CASES

legislativeUPDATE

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PPACA – End of Year Action Required

The employer shared responsibility “pay or play” mandate and health coverage reporting under the Affordable Care Act (ACA) begin January 1, 2015. All businesses should have, by now, determined how (or if) these rules apply to them and most will need to begin tracking information as of January 1, 2015. See our update “[Employer Mandate Rules Begin 2015](#)” for more information on the pay or play employer mandate. For more information on the health coverage reporting requirements, see our update, “[Information Reporting – Draft Instructions Released](#)”. For calendar year plans, anyone found to be an ACA full-time employee for January 1, 2015 may need to be offered coverage in advance of the January 1, 2015 effective date to avoid a potential penalty.

Immediate Action Required. For plan years beginning January 1, employers should have by now determined if there are new benefits-eligible employees under their plan as a result of the full-time employee 30 hours of service eligibility rule under the ACA. For certain employers, eligible employees may include variable hour and seasonal workers, depending on the total hours worked over a measurement period. Plan sponsors using look-back and look-forward periods to determine ACA full-time status should have by now reviewed payroll and hours of service records to determine who will be considered an ACA full-time employee effective as of January 1, 2015. Updated plan eligibility rules for variable hour counting and employee eligibility provisions should then be reviewed to determine if these ACA full-time employees are eligible for benefits under the terms of the employer’s plan effective January 1, 2015. If you find that there are any employees who are ACA full-time as a result of your analysis, to ensure compliance with the law, you will need to offer coverage to them effective January 1, 2015 or potentially face a penalty.

Example: ABC Company (under its calendar-year plan year) is using look-back and look-forward periods to determine ACA full-time employees. ABC’s plan provides that all ACA full-time employees will be offered minimum value and affordable medical benefits under the employer’s plan. ABC has decided to use an initial (transition) measurement period for measuring ongoing variable hour employees from 4/15/14 - 10/14/14 (six months), followed by an administrative period ending on 12/31/14, and a stability period of 1/1/15 - 12/31/15. ABC’s new hire guides and summary plan descriptions include language describing eligible employees and the provisions for variable hour tracking and identification, measurement periods, stability periods, and administrative periods. Assume ABC’s open enrollment period is 12/1/14 - 12/15/14 (for elections to begin 1/1/15). ABC could use the period between 10/15/14 - 11/30/14 to determine which employees were ACA full-time during the initial transition measurement period (4/15/14 – 10/14/14) for purposes of offering coverage

during open enrollment for the subsequent stability period (1/1/15 - 12/31/15). All variable hour employees determined to have worked an average of 30 hours or more/week during the 4/15/14 - 10/14/14 measurement period will be notified they are eligible for medical coverage effective 1/1/15, and that their open enrollment period for making the election will run from 12/1/14 - 12/15/14.

While Conner Strong & Buckelew can assist its clients with a general understanding of these rules, we will refer our clients to their tax and legal advisors related to requests for assistance that address a sponsor's specific issues/complexities regarding appropriate eligibility and hours tracking rules, and the actual implementation of the tracking and/or reporting rules. The tracking, counting, and reporting rules are extremely complicated in theory and are often even more complicated in application depending on the structure of an employer business, workforce, and plan/benefit offerings.

Please visit our online [Resource Center](#) for links to our previously released Legislative Updates and Webinar presentations for additional details on these requirements. Contact your Conner Strong & Buckelew account representative toll free at 1-877-861-3220 should you have any questions.



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