

**ROGUE COMMUNITY COLLEGE
GENERAL INFORMATION AND
ADMINISTRATIVE PROCEDURES**

Procedure: **AFFORDABLE CARE ACT COMPLIANCE (AP-006)**

Contact: Director of Human Resources and Risk Management, Ext. 7017

1. INTRODUCTION

The Affordable Care Act (ACA) (Public Law 111-148, amended by Public Law 111-152) was signed into law to increase the quality and affordability of health insurance, lower the uninsured rate by expanding public and private insurance coverage, and to reduce the costs of healthcare for individuals and the government. The ACA requires employers that have 100 or more full-time employee equivalents to offer group medical insurance to employees and their children up to age 26 who meet the ACA definition of full-time. RCC is in compliance with the employer shared responsibility provisions of the ACA effective as of October 1, 2015.

2. POLICY STATEMENT

Pursuant to the provisions of the ACA Section 4980H, the College may be subject to potential penalties if it fails to offer health insurance coverage to one or more employees who have an average of 30 or more hours of service per week. Hours of service in all classifications at RCC during the measurement period are included in determining ACA-eligibility.

3. MEASUREMENT, ADMINISTRATIVE, AND STABILITY PERIODS

The ACA requires that employers designate a standard measurement period in which recordkeeping is done to determine whether or not employees should be considered full-time for subsequent stability periods (referred to as ACA-eligible). RCC has elected a 12-month measurement period for ACA purposes.

In all cases, during the measurement period, the number of hours reported for all active appointments with the College within the 12-month measurement period will be counted toward determining ACA-eligibility. If determined to be ACA-eligible, the employee will be offered the opportunity to participate in the group medical coverage effective during the subsequent stability period as herein defined. If determined not to be ACA-eligible, no coverage is offered for the duration of the stability period.

Employees' hours will be tracked annually over the course of the measurement period for each subsequent stability period. Therefore, employees may qualify for coverage for one 12-month stability period, but not the next, thereby going on and off of medical insurance under the ACA.

A. Current/Ongoing Employee Measurement

Current employees will be measured July 1-July 1. The first measurement period began July 1, 2014. If determined to be ACA-eligible, coverage will be offered for the entire stability period, which is also 12 months and runs from October 1-September 30, regardless of hours of service during the stability period so long as the individual remains an RCC employee.

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The standard administrative period is 90 days and will occur July 1 - September 30. This period is the time in which Human Resources (HR) reviews hours of service, and communicates eligibility and enrollment information to ACA-eligible employees.

B. New Hire Measurement

New hires will have a 12-month initial measurement period that begins on the start date. Following the initial measurement period, there will be an administrative period of approximately 30 days. The measurement and administrative periods, in total, will not exceed 13 and one fraction of a month. New variable hour employees will be tracked individually until they have been employed by RCC for one full 12-month standard measurement period, at which time they will be considered an “ongoing employee” and will be transitioned to the standard measurement and stability periods.

Hiring intent is also a factor in determining ACA-eligibility for new hires. As such, temporary employees will be ACA-eligible effective the first day of the fourth month of employment if they are expected to work 30 or more hours per week or 130 or more hours per month, even if they are hired for a limited duration.

C. Sample Scenarios

Scenario 1: Employee A is hired on December 1, 2015. Employee A’s hours worked during the initial measurement period (January 1, 2016-January 1, 2017) are reviewed beginning January 2017, and employee A is determined to have not met full-time/ACA-eligibility based on hours worked. No coverage is offered for the initial stability period. A’s hours worked during the standard measurement period July 1-July 1 are reviewed in July 2017 (overlapping with the initial stability period). If Employee A meets full-time/ACA-eligibility at that time, coverage is offered for the standard stability period (coverage effective October 1-September 30). If A does not meet full-time/ACA-eligibility requirements based on hours worked during the standard measurement period, no coverage is offered and Employee A’s hours are reviewed thereafter with ongoing employees during standard measurement and administrative periods.

Scenario 2: Employee B is hired on February 15, 2015. Employee B’s hours worked during the initial measurement period are reviewed and it is determined that B does meet full-time/ACA-eligibility. Employee B is offered coverage effective April 1, 2016. Hours of service for the standard measurement period running from July 1-July 1 are then reviewed in July 2016 with ongoing employees and employee B is determined to have not met ACA-eligibility/full-time requirements for hours worked during the standard measurement period. In compliance with Section 4980H (b), coverage continues through the initial 12-month stability period, ending March 31, 2017. Thereafter, employee B’s full-time/ACA-eligibility status is determined in the same manner as that of ongoing employees.

D. Special Rule for Specific Employment Status Changes

There is a special rule for employees who transition from full-time, benefits-eligible employment to part-time (as defined by the ACA) which allows employers to apply a monthly measurement method to any applicable employee beginning on the first day of the fourth month following the

change of employment status from full-time to part-time, so long as the employee actually averages less than 30 hours of service per week for the three full calendar months following his/her transition. This means that there is a minimum run-out stability period in which the employee will be offered ACA-eligible coverage (approximately three months) and as of the following (fourth) month, the employee would be treated as part-time based on the monthly measurement method and coverage would no longer need to be offered.

If an employee experiences a change in status from part-time, seasonal, temporary, or variable-hour employee to a full-time, benefits-eligible position, the full-time benefits will be effective the first of the month following the change in employment status.

4. ACA-ELIGIBILITY

A. Employee Notification and Enrollment

HR will send notice to all part-time, seasonal, temporary, and variable hour employees determined to be eligible for coverage based on having met full-time status under the ACA during the administrative period that immediately follows the applicable measurement period. Notices will be delivered via email (RCC email address, unless otherwise requested) and hard copy to the mailing address on file and will include information regarding plan options, premium rates, and the online enrollment process. ACA-eligible employees will have 30 days from the date of notification of eligibility to elect or decline coverage online in the My OEBS system.

B. Plans and Rates

ACA-eligible employees will be provided with an offer of coverage that includes group medical and pharmacy insurance for each stability period for which they have been determined to be eligible based on hours worked during the preceding measurement period.

The affordability provisions of the ACA require that the employee's share of premium costs must not exceed 9.5% of the individual's household income for employee-only coverage. The College will use the IRS's Rate of Pay Safe Harbor Method to determine if coverage is affordable. The calculation used to determine employee/employer contribution for ACA-eligible employees is based on an assumed average income of 30 hours per week at an entry-level rate of pay on the RCC Adjunct Faculty Salary Schedule, for employee-only coverage. As such, ACA-eligible employees will have a rate sheet separate from that of benefits-eligible full- and part-time employees.

5. HOURS REPORTING

For ACA eligibility purposes, all hours of service must be counted for all active appointments with the College within the past 12-month period. HR will review hours of service to ensure all hours of service are counted toward ACA-eligibility, incorporating the application of rules.

All employees, including student employees, who are not benefits-eligible as herein defined will either be required to report hours of service monthly or will have hours identified, as described below, to determine ACA-eligibility during each measurement period. The rate of pay for employees appointed to salaried positions is not affected by any hours reported pursuant to this policy to determine ACA-eligibility.

Hourly Employees: By the end of each month, hourly employees must report the number of actual hours of service each day on all active appointments using a timecard or other time-tracking method designated by payroll.

Student Employees:

a. Work Study: The hours of service on positions funded by Work-Study funds do not count toward eligibility for health insurance coverage under ACA.

b. Learn and Earn: The actual hours of service each day on all active appointments must be reported by the end of each month using a timecard or other time-tracking method designated by payroll.

Adjunct Faculty Who Are Not Benefits-Eligible: Adjunct faculty who are not benefits-eligible are not required to track and report time for work associated with lecture or lecture/lab courses for which the employee is the instructor. Consistent with the calculation of hours of service for purposes of PERS reporting, RCC will automatically count two hours of work time for every credit hour of the course for which the adjunct faculty serves as the instructor. This credited time includes preparation for instruction, instruction, grading, and contact hours. For example, a three credit-hour course will count as six hours worked. For adjunct faculty lecture and lecture/lab classes, hours will be calculated in the following way:

Hours will be counted for the associated credit hours of the lecture class. The contact hours assigned will be determined and multiplied by a factor of two. For example, a three credit-hour lecture class may require a lab session that lasts from 9:00 a.m. to 11:00 a.m. The derived formula would be as noted in the calculation below:

$$[\text{Three credit-hour lecture class} + \text{two hours for lab}] \times \text{two} = 10 \text{ hours}$$

Adjunct faculty may concurrently serve in capacities in addition to instructor of lecture or lecture/lab classes. In these cases, the adjunct faculty must report all hours worked while not serving as an instructor of lecture or lecture/lab classes on an hour-for-hour basis at the start of term. These hours must be reflected on the worksheet and/or Notice of Assignment; or, at the end of each month using a timecard or other time-tracking method designated by payroll.

The data to determine these adjunct hours will be derived from the Part-time Contracts workload data as reported on timecard(s) and approved by supervisor(s).

No adjunct faculty member who would otherwise be eligible for health insurance under the ACA-eligibility (based upon hours of service during the academic year) will be deemed ineligible for health insurance by virtue of the hours of service during summer sessions.

C. Other Adjunct Faculty Who Are Not Benefits-Eligible

Adjunct faculty who are not benefits-eligible and who are not instructors of lecture or lecture/lab classes must report all hours of service on an hour-for-hour basis at the start of term as reflected on the worksheet and/or Notice of Assignment; or, at the end of each work week using a time card or other time-tracking method designated by payroll for purposes of determining ACA-eligibility.

D. Leave Hours

Paid leave time provided under any applicable collective bargaining agreement, or contract, is counted as qualifying toward ACA-eligibility as required by the statute. Special unpaid leave, including FMLA, USERRA and/or jury duty leave hours, are subject to the proration method for purposes of determining ACA-eligibility. All other unpaid leave hours are not credited toward ACA-eligibility. HR will review all hours of service and hours of leave taken for concurrent or previous jobs with RCC within the 12-month measurement period, since those hours may count toward ACA-eligibility.

E. Consequences

Failure by employees to accurately report actual hours of service or falsification of hours of service for ACA purposes will be reviewed to determine if there may be grounds for disciplinary action, up to and including termination of employment.

F. Supervisory Approval or Monitoring of Hours Worked to Determine ACA-Eligibility

a. Hourly Employees: Supervisors approve hours of service by hourly employees based on the normal timecard procedures. Those hours will be used to determine ACA-eligibility.

b. Adjunct Faculty That Are Not Benefits-Eligible: Supervisors will be provided information to monitor the numbers of hours of service for purposes of determining ACA-eligibility quarterly and upon request. It is the responsibility of the supervisor to make adjustments to an employee's work schedule, if appropriate, prior to hours of service being completed in order to comply with the College policy on appointment percent.

c. Exclusions or Special Circumstances: Exceptions to the appointment limits for student employees in the summer or when classes are not in session may be authorized by the appropriate dean(s) or vice president(s), thereby accepting any ensuing fiscal responsibility for those exceptions.

6. BREAKS IN SERVICE

The ACA provides special rules pertaining to breaks in service for educational entities and the crediting of hours during break periods (defined as a period of at least four consecutive weeks during which an employee of an educational organization is not credited with hours of service e.g., the break period between summer and fall term). These special rules are designed to prevent averaging employee hours of service over a 12-month period that could potentially distort measurement by including the summer months when employees have no hours.

RCC will be using the pro-ratio method for purposes of administering the applicable break period per section 4980H of the ACA. Employees with a break in service of less than 26 consecutive weeks shall be considered an ongoing employee.

An employee with no hours of service for 26 consecutive weeks shall be considered terminated and rehired for purposes of ACA measurement, which means that there will not be credit for prior hours of service and the measurement period will start anew as with any new employee.

If an employee has a break in service of at least four weeks and the break in service is greater than the length of employment with RCC before the break, they will be considered a rehire for purposes of ACA measurement.

7. SUPERVISOR RESPONSIBILITIES

It is the responsibility of supervisors and managers to monitor hours of service in relationship to appointment limits. For any exceptions to appointment limits/hours, supervisors must follow any applicable internal approval process prior to granting the exception.

In cases where an employee is generating hours of service in more than one non benefits-eligible position, coordination between supervisors/departments will be necessary to ensure total hours of service is within the intended limit. It is the responsibility of the supervisor(s) to make adjustments to an employee's work schedule, if appropriate, prior to the employee completing the hours of service.

In the event an employee is expected to work in multiple positions resulting in a total number of hours that will exceed the ACA-eligibility limit, such assignments must be brought to Executive Team for review and approval. If the employee's eligibility continues beyond 12 months, the position must be submitted to Executive Team for final review and approval.

8. HUMAN RESOURCES RESPONSIBILITIES

HR is responsible for ensuring that the College is in compliance with the ACA by developing necessary processes and methods for tracking/measuring hours of service, providing reports and/or information to supervisors/managers as needed, and providing official notification of the results of the review of hours of service and offer of coverage to employees determined to be ACA-eligible.

9. ACA DEFINITIONS

ACA-eligible Employee: An employee who averages at least 30 hours of service per week, and thus measures as a full-time employee under the ACA, over the course of a 12-month measurement period.

ACA Part-time Employee: An employee who the College reasonably expects, based on the facts and circumstances, to average less than 30 hours of service per week (including an employee who measures as a part-time employee over the course of a measurement period).

ACA Seasonal Employee: An employee who performs labor or services on a seasonal basis, as defined by the Secretary of Labor. This includes a position for which the customary annual employment period is no more than six months, and the period occurs during the same part of each calendar year (e.g., summer or winter). An employee may still be considered seasonal should employment be extended in a particular year due to special circumstances.

ACA Variable Hour Employee: An employee for whom the College cannot readily determine is reasonably expected to average at least 30 hours of service per week.

ACA Ongoing/Current Employee: An employee who has been employed by the College for at least one complete Standard Measurement Period.

Standard Measurement Period (SMP): A period during which an employer tracks the hours of ongoing employees to determine if they average at least 30 hours of service per week. For RCC, the SMP is 12 months and runs July 1-July 1. This is also called a “Look-back Period.”

Stability Period (SP): If an employee is determined to be a full-time employee based on averaging at least 30 hours of service per week during the SMP, RCC will provide health insurance coverage for the entire SP, which is 12 months and runs October 1-September 30 as a penalty avoidance strategy.

Administrative Period (AP): The period of time during which RCC reviews hours worked within the measurement period and determines whether coverage should be offered. The AP for ongoing employees is 90 days (July 1 - September 30), with coverage starting or ending effective October 1. Employees are notified of the results of the eligibility review during this time.

New Employee: An employee who has been employed by the College for less than one complete SMP (12 months).

Initial Measurement Period (IMP): The measurement period (12 months) applied to new hires, which will begin on the date of hire.

Initial Stability Period (ISP): The period of time (12 months) during which the new hire is either: (1) considered full-time (ACA-eligible) and offered coverage, or (2) is not considered full-time (ACA-eligible) and is not offered coverage.

Initial Administrative Period (IAP): The period of time during which the initial determination is made. For new hires, the IAP begins at the end of the IMP through the end of the first calendar month beginning on or after the IMP (not to exceed one plus a fraction of one month).

ACA Rehired Employee: An employee who has left employment with RCC and returns after a break in service. Rehired employees will become either “new” employees or “ongoing” employees for ACA purposes, based on a number of factors to be determined by HR.

Minimum Essential Coverage (MEC): The type of coverage an individual needs to meet the responsibility requirement, as defined by the ACA. All plans offered by RCC through OEBC meet the MEC requirements.

Hours of Service: The final ACA regulations define an hour of service to mean each hour for which an employee is paid, or entitled to payment, for the performance of duties for the employer, and each hour for which an employee is paid, or entitled to payment by the employer, for a period of time during which no duties are performed due to vacation, holiday, illness, incapacity (including disability) or layoff, jury duty, military duty or leave of absence.