



Washington Council

Determining Full-Time Employee Status Under the ACA

- **Full-time employee:** Defined as an employee who works on average 30 hours per week, per month or 130 hours of service per calendar month.
- **Hour of service:** Each hour for which an employee is paid or entitled to payment for the performance of duties, vacation, leave, holiday, illness, incapacity, layoff, jury duty, military duty or other leave of absence
- **Calculation for hourly and non-hourly employees:**
 - Hourly employees: Count actual hours served
 - Non-hourly employees: Select one of three methodologies that does not understate hours:
 1. Count actual hours
 2. Days worked equivalence: Count 8 hours for each day credited with at least one hour of service
 3. Weeks worked equivalence: Count 40 hours of service for each week credited with at least one hour of service
- **General rule:** Employees who are classified or determined to be full time are eligible for the employer's health plan after the applicable wait period not to exceed 90 days.
- **Safe harbors:** Available for part-time, seasonal, and variable hour employees to determine when they are treated as full-time employees.

Part-time Employees

- Large employers are not required to offer coverage to part-time employees (those who work less than 30 hours per week per month).
- For large employers who offer coverage to part-time employees:
 - The application of the limitation of 90-day waiting period prior to coverage applies. Notice 2012-59 states that other conditions for eligibility under the plan are permissible as long as the conditions do not avoid compliance with the 90-day waiting period. Example: *A cumulative hours of service requirement of no more than 1,200 hours for part-time employees may be utilized before the 90-day waiting period applies.*
- Certain insurance market reforms apply, such as preventive care without cost sharing, and no annual and lifetime limits on Essential Health Benefits.

Definition of Full-Time Employee: Safe Harbors

- The Department of Treasury provides a “measurement/stability period” safe harbor to allow for a measuring period for employees where it cannot be determined if the employee is reasonably expected to work on average at least 30 hours per week. Employers can select a measurement period of three to 12 months.
 - If the employee is determined to be full time during the measurement period, then the employee is treated as full time during a subsequent stability period in which coverage must be offered. A measurement period must be at least six months long.
 - Specific safe harbor methods are provided for ongoing employees, and newly hired variable hour and seasonal employees.
 - Employers can use an optional administrative period not to exceed 90 days between the standard measurement period and the associated stability period to determine which employees are eligible for coverage, and notify and enroll them. For newly hired variable hour or seasonal employees, the combined length of the initial measurement period and administrative period is effectively limited to no more than 13 months.
- Proposed Treasury regulations reserve the definition of “seasonal employee” and confirm that through 2014 large employers are permitted to use a reasonable, good-faith interpretation of the term for purposes of determining full-time status.
- Proposed regulations also provide special rules for change in employee status, multiemployer plans, education organizations, and temporary staffing.
- Transition relief: Employers may adopt measurement periods in 2013 shorter than their plan’s stability period of 2014. To do so, the measurement period must be no less than six months and end no sooner than 90 days before the start of the plan year beginning in 2014.