Under the Affordable Care Act (ACA) the definition of Full-time Equivalent (FTE) 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 new definition has been termed the “30-hour rule”.

1. 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, 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 be 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 include fixed-term faculty/academic staff appointed less than 9 months and temps. The stability period (period when an employee becomes eligible for health coverage) for those immediately eligible would continue for the 12-month initial measurement period unless there is a status change.

   b. **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.

   i. **Measured (Variable hour).**

      a. **Newly hired or rehired (after a break greater than 26 weeks).** 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”.

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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.
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.

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 4 consecutive weeks and less than 26 weeks. (see example p. 5)

e. 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.

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

3. How will faculty and academic staff have their time measured?
   a. 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.

4. 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 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.

5. 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 1st thereafter
   c. Coverage under the MSU health plan would begin no earlier than January 1, 2015 for the newly mandated employees

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

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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.
a. For employees who meet Immediately Eligible criteria, coverage would be effective the first of the month after their hire date.
b. For Variable hour employees, coverage would be effective the first of the month immediately following when their measurement period ends.

7. 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?
   a. 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.

8. 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
   b. The amount charged is based on eligibility not actual enrollment.

9. 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 charge will be collected on a monthly basis from an account identified by the unit/department.

   c. 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 no-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.

   d. HR Benefits Administration will request the departments provide an account in the Fall of 2014 to be charged for all ACA fees. If no account is provided, the department’s central salary account will be charged. Because the transaction will originate in KFS, departments can also move the charge after it has been processed.
10. 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 no-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 person 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). Once an employee qualifies for benefits he/she continues to receive those benefits regardless of the number of hours worked, unless he/she is terminated.

11. The Initial Measurement Period will begin the first of the month following date of hire. A Standard Measurement period will begin January 1st following the date of hire. The measurement periods may run concurrently.

12. How can units/departments track the amount of time an employee is paid, particularly if multiple units are involved?
   a. The ACA Time Report is available through the Unit Administrator tab in SAP.

13. How are Research Associates impacted?
   a. 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.
      i. Excludes anyone paid through an account transfer.
14. **Graduate Assistants (GA):** Departments will not be charged for mandated coverage as long as the GA is covered as part of their Assistantship. 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.

15. **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.

16. 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.

17. **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).

   a. 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

18. **Student work-study programs:** service performed by students under federal or state-sponsored work-study programs will not be counted in determining whether they are full-time employees.

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

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**Example of a break in service:**

Break in service:

- Is there a status change to zero hours of service for at least four consecutive weeks and less than 26 weeks?
  - Yes
    - Previous measurement and stability period apply; Initial measurement period still applies for a new hire and hours averaged before/after the break. The average hours will then apply to the entire measurement period.
  - No
    - Is there a status change to withdrawn with zero hours of service for 26 weeks or more?
      - Yes
        - Employee is considered termed and rehired and a new initial measurement period applies
      - No
Revision History:

10/1/2013 - Section 1d. Impact on measurement period for a break in service less than 26 weeks.
10/7/2013 – Section 1a. Stability period for those employees who are immediately eligible; Section 2. Added U.S. Citizens and legal residents; added example of Immediate Eligibility and Variable Hour with a break in service less than 26 weeks.
10/25/2013 - Examples modified to remove “Rule of Parity” (zero hours credited for 4 weeks or more) and added Break in Service examples </> 26 weeks
11/25/2013 -removed Example of Immediately Eligible (a separate flowchart was created); modified Section 1d. removed “Rule of Parity” language; added Q.14 Graduate Assistants and Q.15 Retirees who return to work.
11/27/2013-removed Postdoctoral Fellows from Q13
1/21/2014-added a footnote (1) defining a break in service; modified Q1d. to include “Standard” measurement period; added a footnote (2) clarifying that time between a four-26 week break in service is not included in the average; modified Q4 to include a timeframe when rates may be adjusted; modified Q6 to confirm when health coverage would be effective for Immediately Eligible and Variable hour employees; modified Q12 confirming when the time report will be available and added a link to the report.
Added Q16 – defines a legal resident;
Added Q17-describes how summer pay will be included in the hours calculation.

2/25/2014- modified footnote on page 1 to include “and whose status is withdrawn.”
Q2. Removed “Applicable to U.S. Citizens and legal residents…”
Q3. Removed Final technical language from the IRS/DHHS is still pending
Q16. Replaced all language with “…requirement is to offer coverage to full time employees.” Regardless of legal residency status.
Q18. Newly added statement for students in work-study programs
Modified Example of a break in service to include “a status change to withdrawn with zero hours....”

3/25/2014-Question 9 and 10 revised to include specific language on how/when departments will be charged for the health fee.

4/3/2014-Question 19 added to confirm Resident Assistants are excluded from ACA