

Affordable Care Act

Employer Shared Responsibility 4980H(a) and 4980H(b) Penalties after October 1, 2015:

(b) **Penalty** is \$3000 for each employee who enrolls in the insurance exchange and receives a premium tax credit because the employer's coverage is unaffordable or does not meet minimum value.

PEEHIP coverage should meet the affordable and minimum value requirements.

NOTE: Newly hired employees must receive the notice of state insurance exchange at the time of hire.

(a) **Penalty** is for failure to offer coverage to **70%** or more of full-time employees:

If one full-time employee is enrolled in the insurance exchange and receives a premium tax credit or cost-sharing reduction **and** the number of full-time employees that are not eligible for PEEHIP coverage offered by the school board is more than **30%** of its total full-time employees, the initial penalty is an annual equivalent amount of \$2000 multiplied by the **total** number of full-time employees (less **80**). *[Even if a school board avoids this penalty because the number of full-time employees not offered PEEHIP coverage by the school board is less than **30%**, the school board may be assessed the (b) Penalty. However the (b) Penalty is assessed on the number of full-time employees who enroll in the insurance exchange and receive the premium tax credit or cost-sharing reduction and not on the total number of full-time employees.]*

The substitutes, extended day workers, and temporary contract employees who average working more than 30 hours per week or 130 hours per month are not eligible for PEEHIP coverage.

Look-back Measurement Period: A period of time to determine if an employee is full-time (paid for service that averages 30 hours or more per week or 130 hours per month.) For an ongoing employee this is the Standard Measurement Period and for a new variable hour employee this is the Initial Measurement Period.

Ongoing Employee: An employee who has been employed for at least one complete standard measurement period.

New Employee: An employee who has been employed for less than one complete standard measurement period.

Variable Hour Employee: A new employee is a variable hour employee if, based on the facts and circumstances at the employee's start date, it cannot be determined that the employee is reasonably expected to be employed on average at least 30 hours of service per week. Start date is the first date on which an employee is credited with an hour of service with an employer. *i.e., substitute employees.*

Stability period: The period of time following the measurement period during which the employer must treat an employee as full-time if the employee was determined to be full-time during the measurement period. Even if the employee is working less than full-time during the stability period, the employee is treated as working full-time until the end of the stability period, if still employed.

For determining if those employees not eligible for PEEHIP provided by the school board (substitutes, extended day workers, temporary workers) are full-time under ACA, use actual (documented) hours paid. If hours are not documented, use 8 hours per day or 40 hours per week unless the employee actually works more than that.