

## Frequently Asked Questions Affordable Care Act (ACA)

- 1. OSU already provides health insurance to benefit eligible employees working .50 FTE or greater, why do I need to worry about the ACA?**
  - The IRS will assess penalties if an employer does not appropriately identify employees as “Full-time” as defined by the ACA, and that “Full-time” employee makes it to the Health Insurance Marketplace and receives tax subsidies.
  - Depending on the circumstances, the penalty may be assessed based on all “Full-time” employees or only those “Full-time” employees that make it to the Marketplace. For OSU, that could be a penalty of several million dollars.
  
- 2. Who must be offered health insurance under the ACA?**

An employee designated as “Full-time” must be offered health insurance coverage. Designation of an employee’s “Full-time” status may take place at the time of employment or after being employed during a full measurement period. This includes classified, unclassified, temporary and student employees.
  
- 3. What is meant by “Full-time”?**

For ACA purposes, “Full-time” is defined as working an average of at least 30 hours per week or 130 hours per month.
  
- 4. What is meant by “Measurement Period”?**
  - Is the period of time in which an employee’s hours are measured to determine the employee’s eligibility (Full-time status) for health insurance coverage under the ACA;
  - Is commonly referred to as the “look back period”;
  - OSU has chosen a 12-month measurement period for ongoing/continuing employees, called the Standard Measurement Period;
  - New employees have an Initial Measurement Period (12-month), which begins the first of the month after hire.
  
- 5. When did OSU’s first 12-month Standard Measurement Period begin and end?**
  - The first measurement period for ongoing/continuing employees (those employed during the entire time period) was October 1, 2013 – September 30, 2014.
  - The measurement period restarts each October 1<sup>st</sup>
  - If an employee is determined to be “Full-time” during the Standard Measurement Period, coverage is to begin no later than January 1<sup>st</sup>.
  
- 6. If an employee is designated as “Full-time” during a measurement period, how long are health insurance benefits required to be offered under the ACA?**

An employee that is designated as “Full-time” during either an Initial or Standard Measurement Period, must be offered ACA health coverage for the following 12-month stability period (Standard or Initial), regardless of the hours worked as long as they are still employed.
  
- 7. How will 12-month faculty and academic faculty have their hours measured?**

During the normal payroll cycle an employee’s FTE is converted into hours and recorded in Banner, which is OSU’s system of record. Therefore for ACA purposes, the hours recorded in Banner will be the measurement used when reviewing and determining an employee’s “Full-time Status”.

**8. How will a term-by-term instructor's hours be determined under the ACA?**

- The ACA refers to term-by-term instructors as adjunct faculty members.
- Regulations require the employer to use a reasonable method of determining hours for their adjunct faculty members or the employer may use the IRS Safe Harbor Rule.
- IRS Safe Harbor Rule requires the employer to credit the adjunct faculty member with 2 ¼ hours for each hour in the classroom, plus 1 hour for each hour duties are required to be performed outside of the classroom (e.g., office hours, staff meetings).

**9. What does it mean to use the IRS Safe Harbor Rule for term-by-term instructors?**

- If an employer uses the designated ACA Safe Harbor Rule for adjunct faculty and the adjunct faculty member goes to the Insurance Marketplace and receives a tax subsidy, the employer will not be subject to the ACA employer penalties for that employee.
- If an employer uses an alternative method to determine an adjunct faculty member's status under the ACA and it does not adequately reflect the expected effort of the position and the adjunct faculty member goes to the Insurance Marketplace and receives a tax subsidy, the employer will be subject to penalties.

**10. How is OSU going to calculate the hours of our term-by-term instructors, including Ecampus?**

- For OSU, the employee's FTE is converted into hours during the payroll cycle. These hours will be used in determining their ACA status (*see question #6 above*).
- **Important:** Because OSU is using the FTE to determine ACA eligibility it is imperative that the term-by-term instructor's FTE adequately reflect the employee's effort in the position (classroom, preparation, grading, and required outside the classroom activities).

**11. Hiring intent determines whether ACA coverage should be offered to an employee. When determining if an employee may be eligible for benefits under the ACA, what should or should not be taken into consideration when hiring an employee?**

- Do you expect the employee to work 30 or more hours per week (130+ hours per month);
- Was the position advertised or otherwise communicated or documented as requiring hours of service that would vary above or below an average of 30 hours of service per week;
- Is the employee replacing a full-time employee;
- Are other employees in similar positions considered variable hour or full-time;
- You cannot take into account a future termination date when determining whether an employee is ACA eligible;
- You cannot take into account the likelihood of an employment break period (e.g., summer break).

**12. What is a Variable Hour employee?**

Is an employee whose hours are expected to fluctuate during employment and at the time of employment it cannot be reasonably determined if they will be working 30+ hours per week or 130+ hours per month.

**13. An employee is in an hourly position (CE, UW, UT) with an FTE of .49 (19.6 hours per week), but the employee is working 20-25 hours per week. Do I need to worry about health insurance?**

Although an employee working 20-25 hours per week would not be considered "Full-time" under the ACA, the employee in these appointment types (CE, UW, UT) does meet the eligibility requirements under the PEBB ORS/OARs. Therefore, the FTE should be adjusted to reflect expected hours worked and the employee offered coverage under the PEBB eligibility requirements.

**14. I am hiring a student to work 40 hours per week during the summer, are they eligible for health insurance?**

No, student employees are to be considered Variable Hour employees with the intent that they will not work an average of 30+ hours per week or 130+ hours per month and will have their hours measured during the corresponding Measurement Period (Initial or Standard). If during the measurement period it is determined they are “Full-time” they would be eligible for health insurance during the following stability period.

**15. Are all student hours counted when determining “Full-time” status under the ACA?**

No, hours worked under the Federal Work-Study program are not counted when determining the “Full-time” status of student employees.

**16. Is it even possible for a student employee to qualify as “Full-time” under the ACA and be offered ACA health insurance?**

Yes, a student employee may qualify as “Full-time” under the ACA. Examples of how a student may qualify may include:

- Student hours were not monitored by the department(s) during the year and they exceeded the 20 hours per week maximum.
- A regular Classified or Unclassified employee that has been identified as “Full-time” and is within the ACA Stability Period terminates regular employment to return to school and is hired into a student position.

**17. Is ACA health insurance coverage different than the coverage offered to benefit eligible employees?**

The ACA coverage is identical to the coverage offered to benefit eligible employees, except that ACA eligible employees may not enroll in short-term or long-term Disability insurance.

**18. If an employee qualifies for health insurance under the ACA, are they required to enroll in ACA coverage?**

No, an employee is not required to enroll in the available ACA coverage and may decline the coverage. Important:

- If an employee has been offered affordable ACA coverage through their employer, they are not eligible to receive tax subsidies through the Insurance Marketplace.
- As an employer, we cannot ask and/or suggest to the employee that they should not enroll in the coverage offered.

**19. Jeff is a research assistant. His appointment during the measurement period was 1.0FTE (173.33 hours per month), but due to a reduction in grant funding his appointment is being reduced to .40 FTE (16 hours per week or 69 hours per month) during the Stability Period. Jeff’s reduced appointment is below the PEBB benefit eligibility requirement of .50 FTE, what happens to his benefits?**

- Because Jeff worked at least 130 hours per month during the Measurement Period (Standard/Initial), he is guaranteed health insurance during the Stability Period regardless of hour worked. Therefore, his health insurance benefits will continue.

**20. I am hiring a temporary employee to work 20 hours per week for 6 months. The 20 hours is below ACA eligibility, is the employee eligible for health insurance based on their appointment?**

- Temporary Service (TS) – if the position is a TS position, the employee is not eligible for health insurance.
- Academic Wage (AW) – if the position is an AW appointment (hourly or salaried) the employee IS eligible for health insurance because they meet the PEBB eligibility requirements.

- 21. I am hiring a temporary employee in a Temporary Service (TS) position to work 40 hours per week for 4 months, are they eligible for health insurance? If so, when and for how long?**
- Yes, because the employee is reasonably expected to work 30+ hours per week, the employee is to be offered ACA health insurance upon hire.
  - Coverage will be effective the first of the 4<sup>th</sup> month.
  - The employee will then have coverage for month 4, plus the month after termination per PEBB policy.
- 22. An employee that met the hours requirement during the Standard Measurement Period (Oct 2013– Sept 2014) is retiring on March 1, 2015 and would like to return on a .20 FTE post-retirement position (either TS for a Classified employee or Academic Wage for an Unclassified employee), will they have health insurance?**
- Yes, because the employee met eligibility during the Standard Measurement Period they will have coverage during the Stability Period of January - December 2015, regardless of hours worked as long as they are still employed.
- 23. During the Measurement Period, Ann worked for two different departments on campus. Her appointment with Department A was .25 FTE and with Department B was .75 FTE for a total of 1.0FTE. During the Stability Period, she only has an appointment with Department A at .25 FTE. Does Ann have health insurance coverage?**
- Yes, Ann will have coverage during the Stability Period regardless of hours worked. Department A will now need to cover the total employer cost for the health insurance coverage.
- 24. Bob worked for OSU during the Standard Measurement Period (October 2013 – September 2014) and was determined to be “ACA Full-time”. Bob terminates employment on April 15, 2015, during the Stability Period. On September 1, 2015, he is hired into a temporary hourly position (Academic Wage or TS) to complete a project for the department. The temporary position will only require Bob to work 10 hours per week. Is Bob to be offered health insurance?**
- Yes, health insurance would be effective the first of the month after hire. Bob returned to employment during the Stability Period following the Measurement Period in which he was identified as “Full-time”. His break in service was less than 26 weeks, therefore, he is considered an Ongoing/Continuing employee and is eligible for health insurance regardless of hours worked.
  - What if he returned to work after a break of 28 weeks? He would not be eligible for health insurance because he experienced a break greater than 26 weeks. He can now be considered a “New” employee for ACA purposes and hiring intent would determine his eligibility.
- 25. Ron worked during the Standard Measurement Period (October 2013 – September 2014) and was determined to be “ACA Full-time”. In February 2015, Ron goes on an approved unpaid leave of absence through December 2015. Will Ron have health insurance coverage?**
- Yes. Because Ron was determined to be “Full-time”, he is eligible for ACA health insurance during the Stability Period (January – December) regardless of hours worked as long as he is still employed. Therefore, as long as Ron continues to pay his 5% premium share amount, the department is required to cover the employer contribution toward his health insurance coverage.

Please contact the Office of Human Resources with questions regarding the ACA at (541) 737-2805 or [employee.benefits@oregonstate.edu](mailto:employee.benefits@oregonstate.edu).