



Maine Municipal Employees Health Trust

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To: Health Trust Participating Employers
From: Anne Wright, Assistant Director, MMEHT
Date: April 4, 2014
Re: The Affordable Care Act and Health Care Reform -
The Art of Counting Your Employees

Please note: Copies of these Health Care Reform updates may be found on the Health Trust website, at www.mmeht.org. Click on the link for Health Care Reform. Updates are at the bottom of the page; simply click on the link for the update you wish to read.

As noted in the update sent out on February 14, the final regulations for the Employer Shared Responsibility provisions of the federal Affordable Care Act included a number of changes and clarifications. One of the most important of these changes – and one that will undoubtedly affect a number of Health Trust participating employers – concerns the calculations involved in determining whether you are a “Large Employer”, as defined by the law.

Here are the steps an employer should take in making this calculation:

1. **Count your full-time employees.** Remember, the ACA defines a full-time employee as someone who works 30 or more hours per week. The hours that an employee “works” include all “hours of service”. That is, an employee must be credited with an hour of service for each hour that the employee is paid or entitled to be paid for the performance of duties on the job. This includes hours for which the employee is entitled to be paid as a result of vacation, holiday, illness or disability, jury duty, leave of absence, etc.

An employer may choose to count full-time employees based on 130 hours of service per month rather than 30 hours of service per week, as long as this definition is applied reasonably and consistently across the employer’s workforce. This might be easier for employers with a number of employees that have fluctuating work schedules – for example, 20 hours one week, 40 hours the next week, and so on.

If you have **100 or more full-time employees** - that is, 100 or more employees each working at least 30 hours per week – you can stop reading right now. The Employer Shared Responsibility provision of the ACA will apply to you effective **January 1, 2015**. We’ll provide more information on what you have to do next in the next health care reform update. Till then, sit back, relax, and wait for the next update.

For those employers with fewer than 100 full-time employees, let’s move on to Step 2.

2. **Count your full-time equivalent employees (FTEs).** This is where you will look at all the employees who do not meet the definition of a “full-time employee” – in other words, anyone who works less than 30 hours per week. Calculate all of the “hours of service” for each of these employees for each month, and add all of the hours together. Then divide that total by 120. This will give you the number of full-time equivalent employees for that month.

So, for example, if you had 20 employees, each of whom worked 60 hours per month, that would total 1,200 hours of service. Divide that total (1,200) by 120, and you will find that you have 10 full-time equivalents.

3. **Add the number of full-time employees to the number of full-time equivalent employees.** Does it total **100 or more**? Then you will be subject to the Employer Shared responsibility provision effective **January 1, 2015**. The next health care reform update will be addressed specifically to you.

Does it total **at least 50 but less than 100**? Then you will be subject to the Employer Shared responsibility provision effective **January 1, 2016**. You have a reprieve next week (although you are more than welcome to read the update if you want to!); we’ll get into details on the requirements for these “smaller large employers” in a few weeks.

Does it total **less than 50**? Then the Employer Shared Responsibility provision does not apply to you. You are officially excused from reading this update, and the next one as well. Maybe even the next several – although you are always welcome to read them for the sheer enjoyment of it.

4. **Repeat calculations 1-3 for at least six consecutive months in 2014.** This is referred to as the “measurement period”. You are in effect measuring the number of full-time employees and full-time equivalents that you have for each month, in order to determine your average number of employees for the entire measurement period.

Although the measurement period will generally be **12 months long** (one full year), an employer may determine if it had 50 or more full-time employees (including FTEs) for 2015 by calculating the numbers for a period of **six consecutive months in 2014**. So, for example, an employer may choose to count full-time employees (including FTEs) for the months of April through September 2014, in order to determine whether they will meet the 50-employee threshold for 2015.

Why 50 employees, if the Employer Shared Responsibility provision only applies to employers with at least 100 full-time employees/FTEs in 2015? Because all employers with 50 or more full-time employees/FTEs will be subject to certain reporting requirements starting in 2015. But that’s a subject for another update.....

Please note that the Maine Municipal Association and the Maine Municipal Employees Health Trust are sharing this information to assist you with your compliance planning. We recommend that you contact your legal counsel with specific questions relating to this law.