



FULL-TIME EMPLOYEES

How will the PPACA establish hours worked and full-time employee status?

The employer mandate requires that "large employers" (i.e., employers with 50 or more full-time employees or full-time equivalents) offer affordable health care coverage that provides minimum value to all full-time employees and their dependents.

A full-time employee is one who works on average 30 hours a week. For many employees, it is easy to determine whether they are full-time, but how is a large employer to treat employees who work variable hours?

Treasury Notice 2012-58 describes safe harbor methods that large employers may use to determine whether a particular employee is a "full-time employee" for purposes of the employer mandate,

It's complex, and the rules differ for new employees and ongoing employees, so we suggest that you refer to the Notice and work with your legal counsel to deal with the nuances of your unique employee population.

What might an example be of how the look back, administrative and stability periods work together?

The following simple example illustrates how the Treasury safe harbor method would apply in a hypothetical situation:

- John is an employee and his hours vary.
- His employer has selected the maximum 12-month initial **measurement period** to determine whether its employees are "full-time." [An employer can choose a measurement period of between three to 12 months.]
- John's employer has also elected the maximum three month **administrative period** during which to gather the hours worked data, crunch the numbers, make the determination as to full-time status and to notify its employees about the eligibility for health care coverage.
- John's employer would **look back** at the average monthly hours John worked during the 12-month initial measurement period of 10/1/14 through 9/30/15, **and** during the 90-day administrative period of 10/1/15 to 12/31/15, John's employer determines that he is a full-time employee and communicates to John his eligibility for health care coverage.
- Beginning on January 1, 2016, John's employer must thereafter treat John as a full-time employee for a 12-month **stability period** even if John's average hours worked during this stability period are fewer than 30 hours per week. [The stability period can be no less than the measurement period used by the employer to determine the employee's status for the stability period.]
- John's employer will thereafter reassess his status going through the same process for the next stability period that commences on 1/1/17.