## Affordable Care Act Compliance

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#### Presenters:

Jennifer Gehrt, Director of Human Resource Services

Carol Shanklin, Dean of the Graduate School

Alma Deutsch, HRIS Lead Functional Analyst/Trainer



- What is the Affordable Care Act?
- Non-Compliance Consequences
- New Policies/Procedures at K-State
- Tracking Hours of Work
- eTime Demonstration
- Questions?

#### What is the Affordable Care Act?

- Signed into federal law on March 23, 2010
- Overall Intent: Increase the affordability and rate of health insurance coverage for Americans, and reduce the overall costs of health care for individuals and the federal government.
- Employer must provide health insurance to fulltime employees— those who average 30 hours of work per week



- Final regulations issued by Internal Revenue Service on February 11, 2014.
- To avoid IRS penalty, K-State must offer health coverage to 70% of their full-time employees in 2015 and 95% in 2016 and beyond.
- Penalty: \$2,000/year times the number of all fulltime employees – if even only one non-covered employee enrolls in Exchange and receives Federal subsidy:
  - In 2015 1<sup>st</sup> 80 employees excluded
  - In 2016 1<sup>st</sup> 30 employees excluded
- Potential Penalty About \$10 Million/year for K-State

### New Policies/Procedures Needed at K-State

### Defining Employee Eligibility

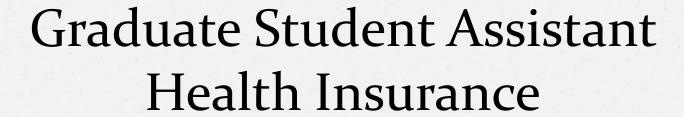
- "Look-back" Measurement Period: A period over which K-State tracks employee's hours of service to determine average hours per week.
- State of Kansas has defined Measurement Period/Look Back Period = 1 year
  - > Oct. 15, 2013 through Oct 14, 2014
  - > Rolling year thereafter for new employees



- Insurance Effective January 1, 2015
- Full-time coverage for benefits-eligible employees will be .75 FTE (rather than .9 FTE) effective January 1, 2015.
- On May 7, 2014 Health Care Commission revised State Employee Health Plan coverage regulation:
  - Hourly Students/Graduate Students = 1560 hours
  - Adjuncts/Temporary Faculty = 1560 hours
  - Part-time Temporary Staff/Non-instructional faculty = 1,000 hours



- State as one employer—hours worked for any state agency must be counted in determining average hours worked per week.
- When meeting health insurance requirements, will receive health insurance coverage for an entire year as long as employed in any capacity.
  - ➤ For example, if coverage begins 1/1/2015, employee eligible for health insurance coverage for all of 2015, even with decreased hours of work.



- Student health insurance is compliant with ACA but does not satisfy K-State's responsibility to offer minimum essential coverage to full-time employees.
- "Minimum essential coverage" means a group health plan but the student plan is defined as an individual insurance, not group health insurance.
- Student plan does not meet continuation of benefits at termination (COBRA) regulations.

### Tracking Hours for ACA

- Tracking Hours for Hourly Employees is not an issue as hours already tracked.
- NEW: Temporary, Part-time Salaried Employees (non-benefits eligible) must track hours of work each pay period:
  - Graduate Teaching Assistants
  - ➤ Graduate Research Assistants
  - Part-time Staff
  - Part-time non-instructional faculty



- Hours reported by temporary, part-time salaried staff, non-instructional faculty and graduate students will not affect pay; only used for compliance tracking purposes.
- ➤ Utilize new eTime reporting process in HRIS—nearly identical to current hourly student eTime.
- ➤ Hour Tracking Reports under development by HR.



- Graduate student employees are exempt from Social Security and Medicare taxes while enrolled in at least 6 credit hours during a fall or spring semester; 3 credit hours during the summer.
- ➤ Employees with F-1 or J-1 visas are not subject to these taxes.
- ➤ When the Graduate School approves on an exception basis a reduced course load in the student's final semester, student qualifies for Social Security and Medicare tax exemption.

#### Graduate Student Assistants

- Graduate Student Assistants track actual hours worked directly related to assigned hours for assistantship stipends.
- Hours worked beyond the assigned time should be directly related to fulfilling the requirements for an advanced degree and achieving student's career goals—these hours not tracked.
- Expectations over period of appointment:
  - ➤ .4 FTE = average of 16 hours/week
  - ➤ .5 FTE = average of 20 hours/week

#### Graduate Student Assistants

- Department Head/Supervisor will meet with graduate student to discuss expectations of hours and responsibilities associated with the assistantship at the beginning of any new appointment or when there are changes.
- Time Reporting each pay period is a condition of employment.

#### Tracking Instructional Faculty

- Special provision of ACA regulations allows for tracking based on course load rather than actual hours worked.
- Course load/FTE/Hours of Work Chart on next slide used only for Part-Time, Temporary Teaching Faculty (non-benefits eligible).
- FTE can be increased based on other duties (office hours, meetings, labs, etc.)

#### Instructional Faculty FTE Chart

Hours/ Week	FTE
40.0	1.00
37.5	.94
35.0	.88
32.5	.81
30.0	.75
27.5	.69
25.0	.63
22.5	.56
20.0	.50
17.5	.44
15.0	.38
12.5	.31
10.0	.25
7.5	.19
5.0	.13
2.5	.06
	Week  40.0 37.5 35.0 32.5 30.0 27.5 25.0 22.5 20.0 17.5 15.0 12.5 10.0 7.5 5.0

#### FTE Chart Not for GTAs

#### Several Reasons Why Not:

- ➤ GTAs are inconsistently listed as Primary Instructor in iSIS from department to department; differing expectations
- May result in lower FTE assignment with unintended consequences:
  - ✓ GTAs must be appointed .5 FTE for eligibility for employer contribution to student health plan
  - ✓ Reduces tuition waiver benefits



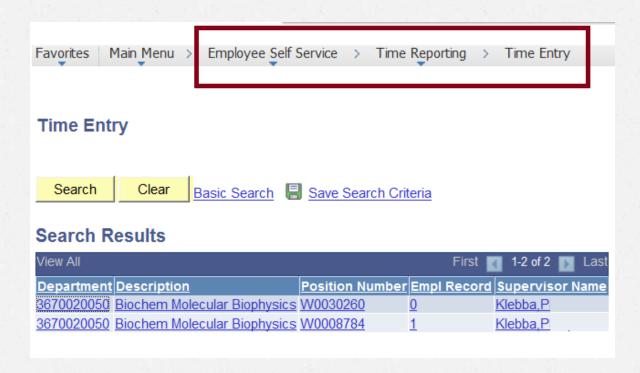
- No Change in Current Policy Based on IRS/FICA exemption rules:
  - Hourly Students limited to working 30 hours/week when classes in session & finals; 40 hours/week during school breaks and when not enrolled in the summer.
  - ➤ Immigration Policy: Students on F1 or J1 visas limited to 20 hours/week when classes in session & finals.
  - Graduate Student Assistants concurrently employed as an hourly student have same limits.

#### ACA: Hourly Student Workers

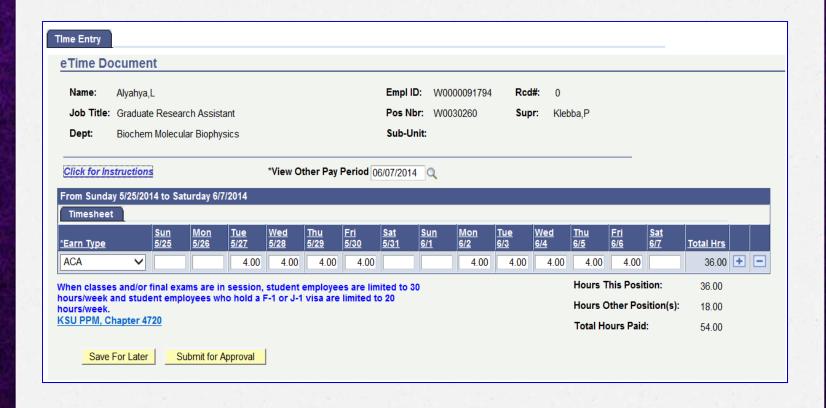
 Average 30 hours or more/week for one year = Health Insurance Eligible (1560 hours)

# Tracking Hours Demonstration

**Employee with Multiple Positions** 



# Tracking Hours Demonstration



## Approving Hours Demonstration

