Affordable Care Act Compliance

May 2014
Presenters:

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Carol Shanklin, Dean of the Graduate School

Alma Deutsch, HRIS Lead Functional Analyst/Trainer
Affordable Care Act Compliance Agenda

- 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 full-time employees—those who average 30 hours of work per week.
Non-Compliance Consequences

- 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 full-time employees -- if even only one non-covered employee enrolls in Exchange and receives Federal subsidy:
  - In 2015 1st 80 employees excluded
  - In 2016 1st 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
  - Rolling year thereafter for new employees
Health Insurance Under ACA

- 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
Health Insurance Under ACA

- 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.
Graduate Student Assistant Health Insurance

- 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
Tracking Hours for Salaried Employees - Effective May 25, 2014

- 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 Assistant-FICA Exemption

- 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

<table>
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<tr>
<th>Credit Hours Taught</th>
<th>Hours/Week</th>
<th>FTE</th>
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<tr>
<td>15</td>
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<tr>
<td>14</td>
<td>35.0</td>
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<tr>
<td>13</td>
<td>32.5</td>
<td>.81</td>
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<tr>
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<td>.06</td>
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Compliant with ACA Guidelines
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
ACA: Hourly Student Workers

- 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

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<th>Description</th>
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<th>Emp. Record</th>
<th>Supervisor Name</th>
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<td>0</td>
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Tracking Hours Demonstration

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<td>Name: Alyahya, L</td>
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<tr>
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<td>Rcd# 0</td>
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<tr>
<td>Dept: Biochem Molecular Biophysics</td>
<td>Supr: Kleba, P</td>
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**Click for instructions**  View Other Pay Period: 06/07/2014

**From Sunday 5/25/2014 to Saturday 6/7/2014**

<table>
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<tr>
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When classes and/or final exams are in session, student employees are limited to 30 hours/week and student employees who hold a F-1 or J-1 visa are limited to 20 hours/week. 
K-State PPM, Chapter 4720

**Hours This Position:** 38.00
**Hours Other Position(s):** 18.00
**Total Hours Paid:** 54.00
Approving Hours Demonstration