



# ACA—Misconceptions & Pitfalls for Variable Hour Employees

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Attendance on Demand



# Today's Topics

- What's happening with ACA now
- Common misconceptions, pitfalls, areas of confusion
- Challenges for day-to-day management of variable hour employees



# Caveats

- Based on...
  - Our understanding of complex act
  - IRS guidance
  - Current organizational best practices
- Not legal or tax advice





# What's Happening Now

- 2016 filing season headaches
- Subsidy notices
- Transition rules eliminated
- 2016 adjustments



# IRS Filing Experience

- 2015 filing season almost over
- Challenging for employers
- AIR system errors



# Subsidy Notices

- Marketplace notices to employers
  - Employee tax credit
  - Employer appeal within 90 days
- Flag for potential IRS penalty next year

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|||||

Dear Benefits Manager:

The person listed below submitted an application for health coverage through the Marketplace in Texas and indicated that he or she is an employee of shown above.

This person reported that he or she:

- didn't have an offer of health care coverage from
- did have an offer of health care coverage, but it wasn't affordable or didn't
- was in a waiting period and unable to enroll in health care coverage.

The employee has been determined eligible for advance payments of the premium sharing reductions (CSRs) for at least one month during 2016 to help pay for Marketplace coverage through the Marketplace.

Employee Name	Birthday	Last 4 digit Number

## Why am I getting this notice?

This notice informs you that your employee was found eligible for APTC or CSRs and if the requirements are met, you may have to pay an employer shared responsibility payment to the IRS in the future. It also notifies you of your opportunity to appeal this eligibility determination.

Certain employers (those with at least 50 full-time employees or full-time equivalent

# Misconceptions & Pitfalls

- Notices unreliable
- Appeal process
- Appeal effects



## Employer Appeal Request Form

Use this form to appeal a Marketplace determination that an employee was eligible for premium tax credit and cost-sharing reductions (if applicable) in part because your coverage that met minimum value requirements and was affordable with respect to

Please print in capital letters using black or dark blue ink only.

### SECTION 1: Tell us about the employer who's requesting

1. Business Name

Primary business mailing address

Business's phone number

-    -

City

Name of the primary contact (First name, Middle initial, Last name)

Title of primary contact

Primary contact mailing address

City

Primary contact phone number

-    -

### SECTION 2: Designate a secondary contact. (optional)

This is someone who may act on your organization's behalf regarding this appeal request

Name of the secondary contact (First name, Middle initial, Last name)

Title

Second

Organization name (if applicable)

Secondary contact mailing address

City



# No More Transition Relief

- Employer shared responsibility
  - 2015 for ALEs averaging 100+
  - 2016 for all ALEs
- Qualifying insurance offer
  - 2015 70% of full-time employees
  - 2016 95% of full-time employees
- Filing penalties
  - 2015 failure to file
  - 2016 errors and failure to file



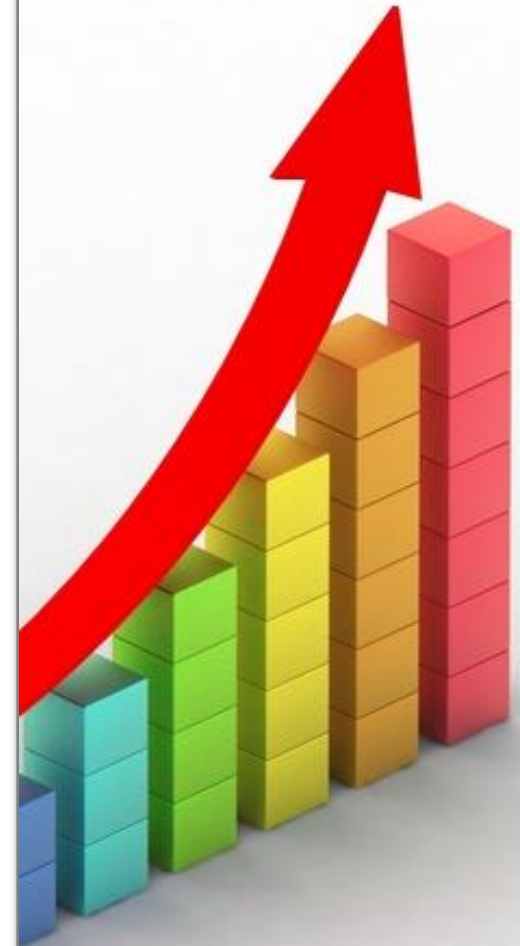
# 2016 Adjustments

- Penalties

Penalty Type	2015	2016
No insurance offer	\$2,080	\$2,160
Unaffordable individuals	\$3,120	\$3,240

- Affordability standards

2015	2016
9.56%	9.66%



# Areas of Confusion

- Measurement period best practices
- Types of employees
- Transition from new hire to ongoing employee
- Status changes



# Best practices

Stability period is insurance plan year. Use calendar year if no employer sponsored insurance.



# Best practices

Administrative period overlaps open enrollment.





# Best practices

Measurement period same length as stability period. Initial measurement period starts first of month.



# Types of Employees

- Known full time
- Variable hour
- New variable hour & seasonal



# Look-Back Method

Standard Measurement Period

Optional  
Admin

Standard Stability Period

*Employer chooses dates for measuring and applying the resulting status*

*Measurement: 3-12 months*

*Administrative: up to 90 days*

*Stability: 6-12 months*

- Not shorter than measurement period for FT
- Not longer than measurement period for PT
- Consecutive, no gaps

# New Hires and Seasonal Employees

Initial Measurement Period

Optional  
Admin

Initial Stability Period

*Measurement starts at employee's start date or first of following month*

*Initial Measurement: 3-12 months*

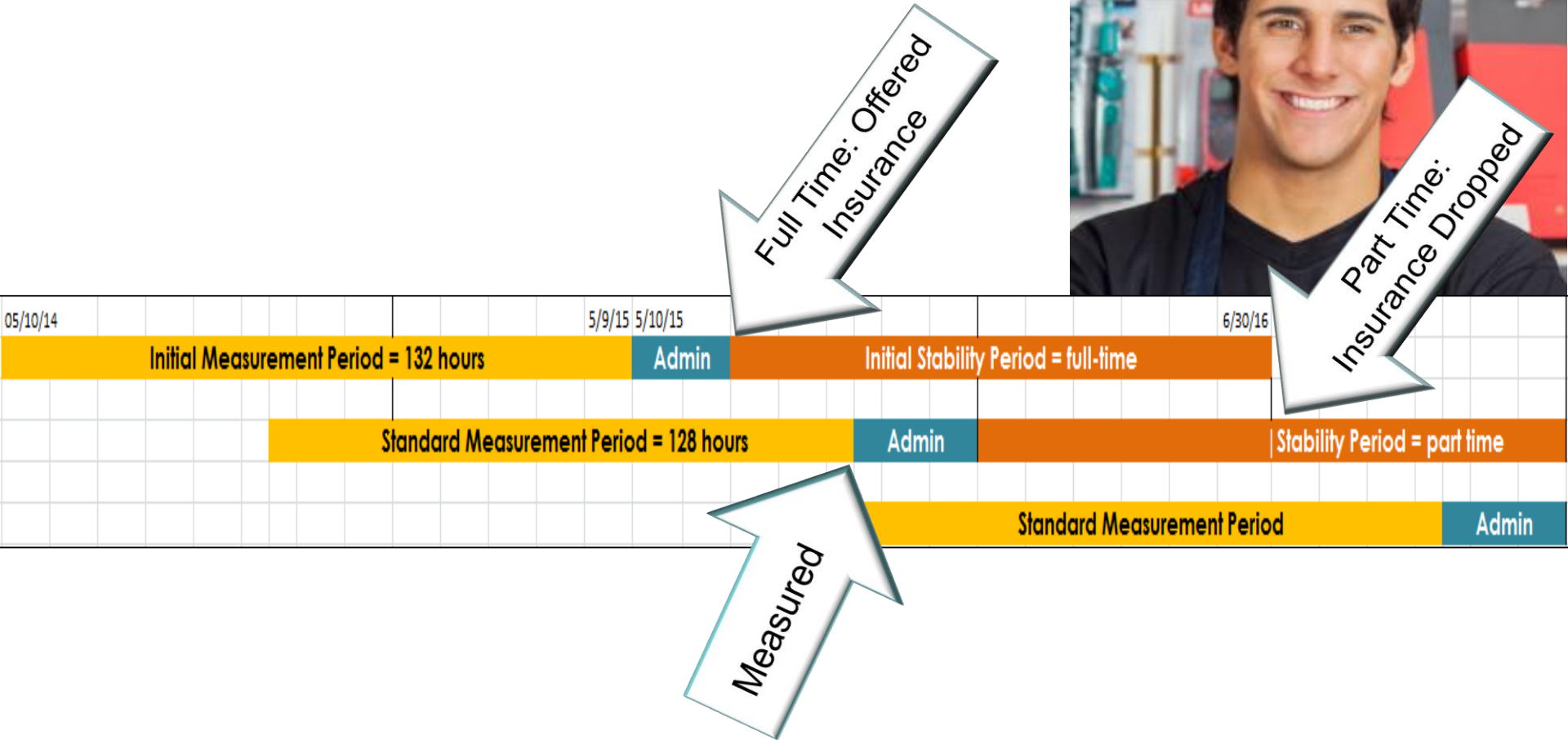
*Initial Admin: up to 90 days (includes days between start & first of next month)*

*Initial Stability: same as standard*

*Initial measurement + admin periods conclude by the end of the month beginning on or after 1st anniversary*

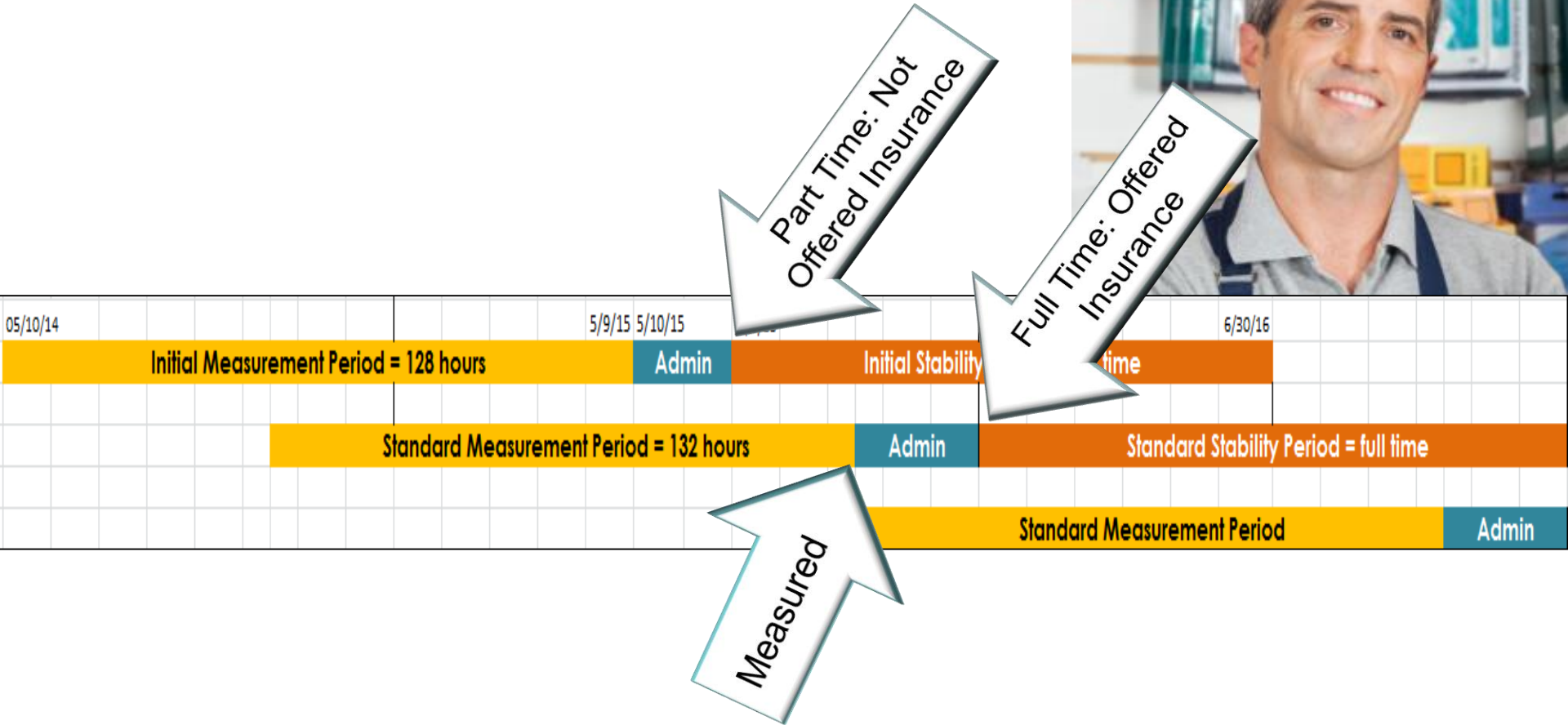
*At most 13 months + fraction of month*

# New Hire Transition



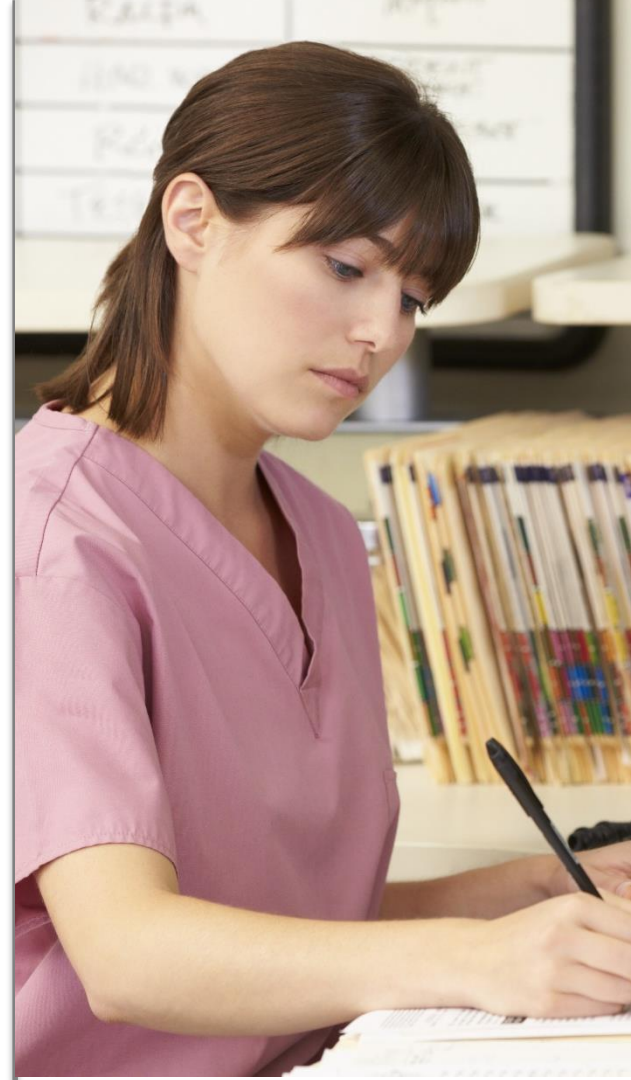


# New Hire Transition



# Status Changes

- Part-time to
  - Variable hour full-time
  - Known, permanent full-time
- Full-time to part-time
  - Variable hour employees
  - Full-time employees offered coverage within 90 days of hire



# Misconceptions & Pitfalls

- Using shorter measurement than stability periods
- Not using admin period
- Handling FMLA
- Handling seasonal employees
- Handling rehires



# Shorter Measurement

- 3 month measurement period;  
12 month stability period
- Only allowed for full-time
- Different stability periods/measurement cycle for part-time



# No Admin Period

- Skip optional administrative period
- No time for informing enrolling employees
- Possible errors when averaging early





# Handling FMLA

- Treat as service hours for employee status determination
  - Intermittent FMLA usage tracking
  - Unpaid hours accessible by ACA solution
- Not counted for ALE status determination



# Seasonal Employees

- Seasonal employees use IMP every season
- No status under ACA
- ACA definition of seasonal



# What is seasonal?

- Work during season typically lasting 6 months or less
- Season occurs at same time of year, each year



# Seasonal exception

- Not an applicable larger employer if...
  - Workforce exceeds 50 employees for 4 months (120 days) or fewer in year
  - Employees in excess are seasonal



# Administering rehires

- Treated as new employee with initial measurement period
- No service hours for 13 weeks
  - Rule of Parity
    - Minimum 4 weeks
    - Period without service longer than period employed





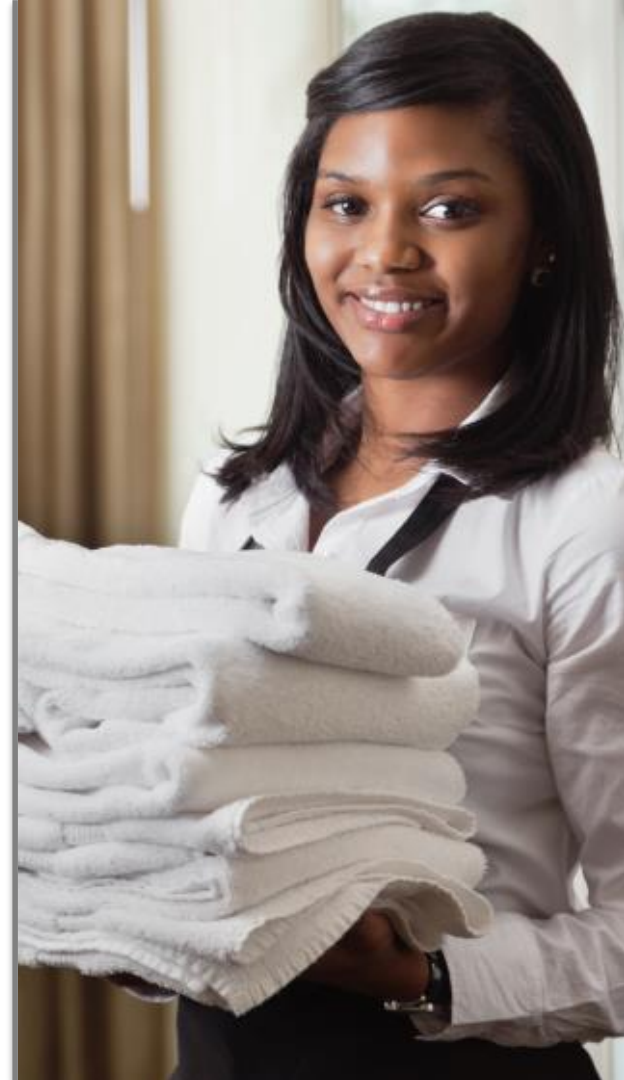
# Day-to-Day Challenges

- Managing part-time workforce
- Minimizing administrative impact

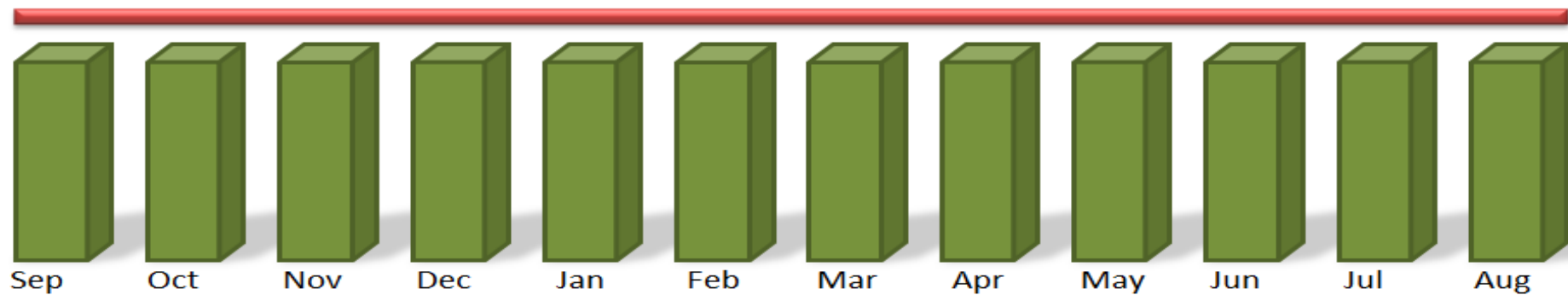


# Managing Part Timers

- Guidance v. limits
  - Meet variable labor demands
  - Support flexible hours
  - Maintain part-time status



# Limits



# Retail

Part-time worker: Emily

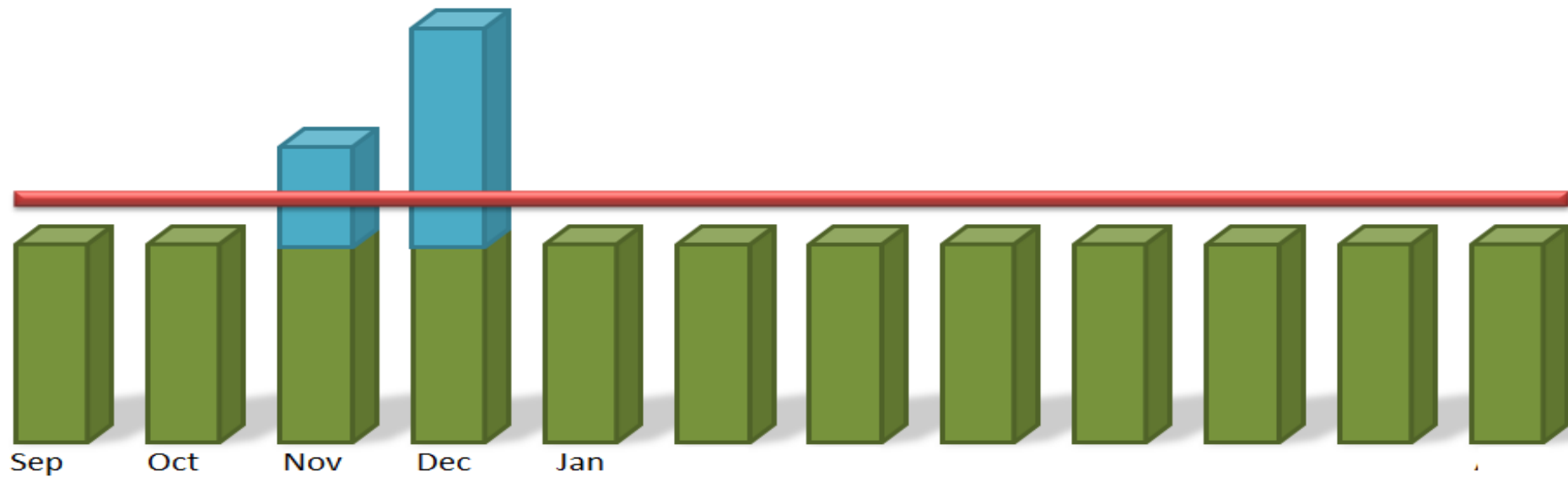
Schedule: 28 hrs/week



# Retail





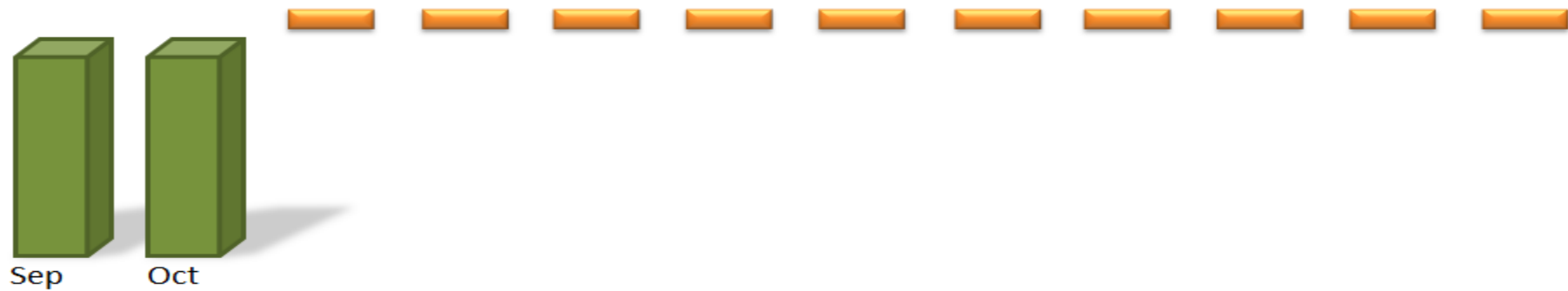


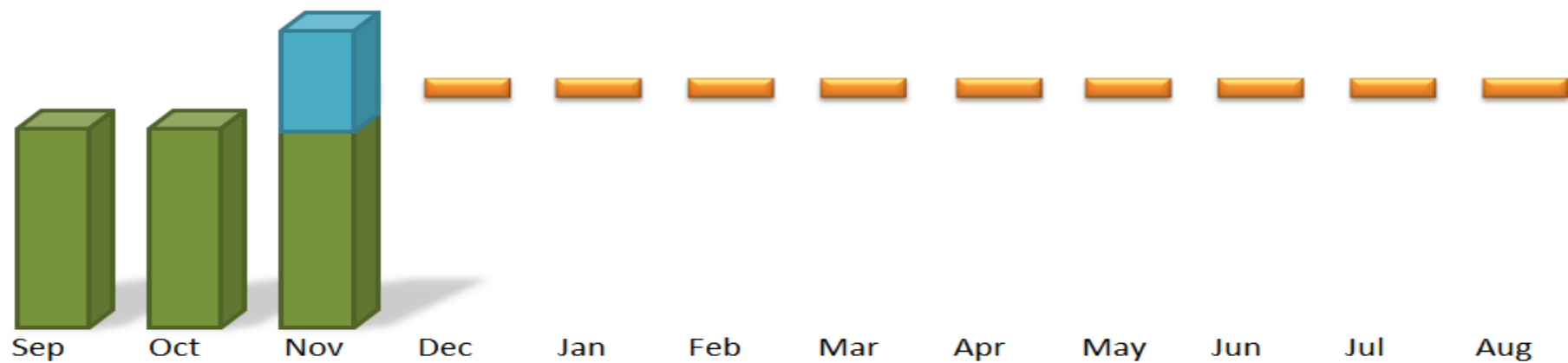


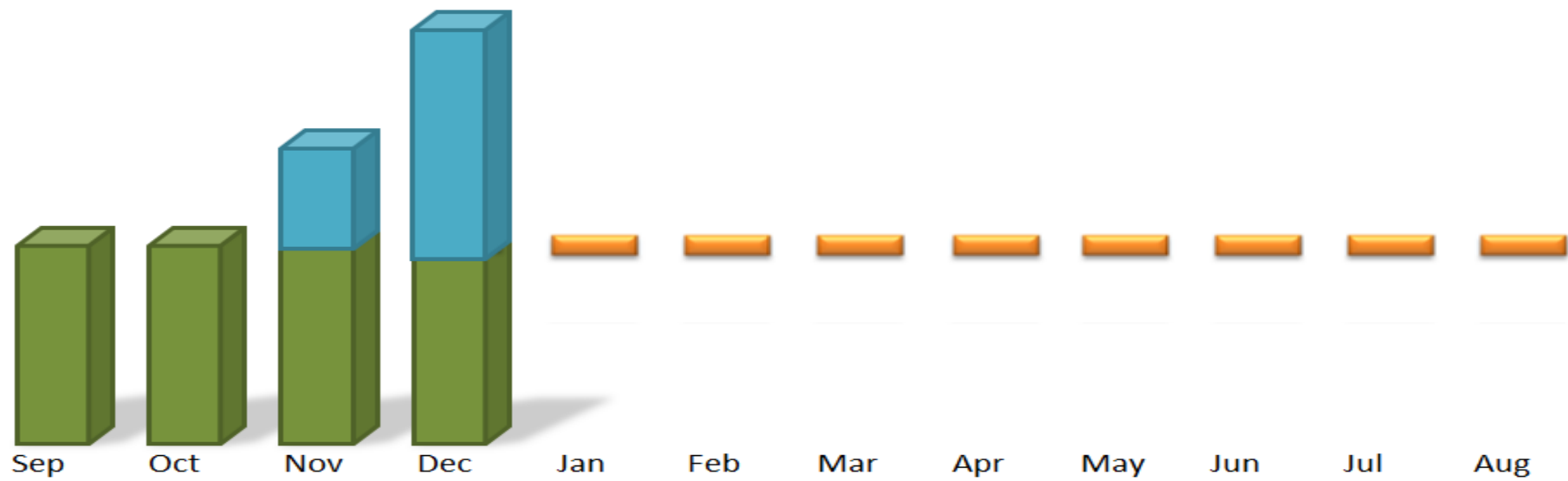


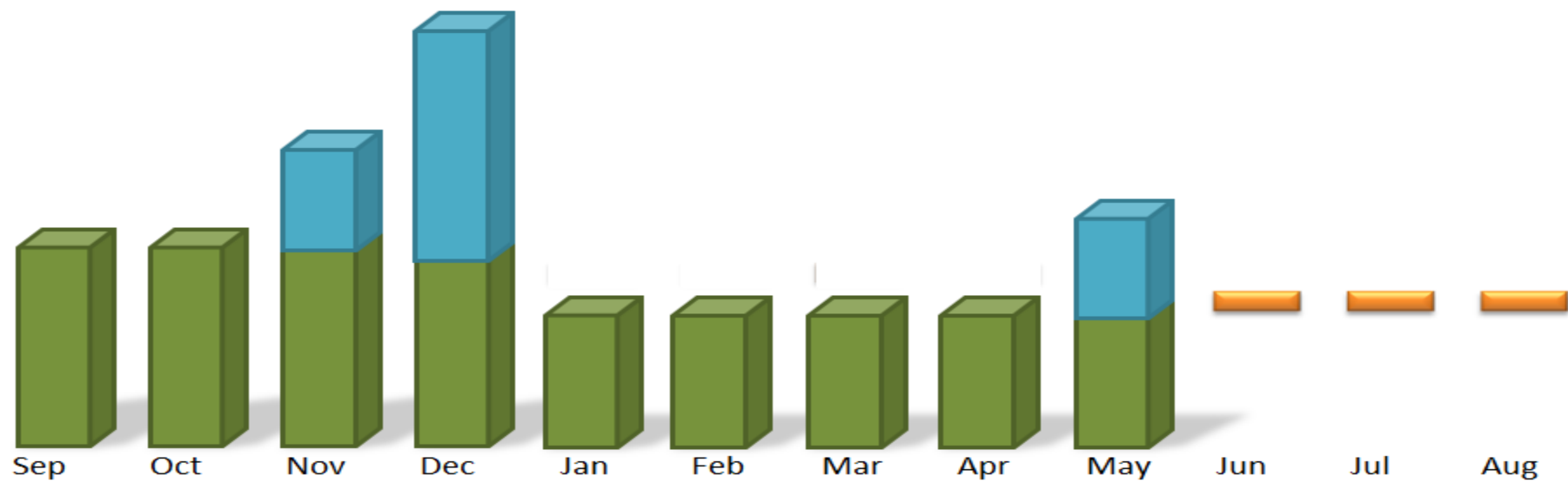
FULL  
TIME!

# Guidance











Part Time

# Managing Variable Hour Employees

- Handle absences
- Replacement workers
  - Not approaching overtime
  - Not approaching full time





# Using Notifications

- Approaching full time
  - Based on real-time data
  - Incorporating future schedules
- Actionable, timely



# Limit Administrative Impact

- Automate ACA reporting
- Automate part-time workforce management



# Automate ACA Reporting

- ✓ Applicable Large Employer status reporting
- ✓ Employee ACA status determination
  - Measurement, administrative stability periods
  - Seasonal accommodation
  - Rehire flags
- ✓ IRS form generation/filing



# Automate Status Mgmt

- ✓ Real-time guidance for scheduling
- ✓ Absence management
  - ✓ Replacement candidate lists
  - ✓ Leave request management
- ✓ Real-time notifications
  - Approaching full-time



# Develop Processes

- Marketplace subsidy notices
- IRS penalty notices
- Employee communication





# Thank You



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