FAQs: Variable Hour Employees Working on Campus and the Affordable Care Act (ACA)

As you may know, Health Care Reform (the Affordable Care Act or ACA) is underway and new aspects of the regulations become effective each year. Colorado State University (CSU), as an employer with 100 or more full-time employees (including FTEs), is preparing to comply with the minimum benefit and affordability requirements of the Employer Shared Responsibility Mandate of the ACA, for employees (variable hour student, non-student hourly, graduate student) who, on average, work 30 or more hours per week (over the course of a 12-month look-back period), and meet specific medical plan eligibility criteria defined by law beginning in CY2015. While the US Department of Treasury and the Internal Revenue Service continue to issue guidance about how large employers, like CSU, are required to comply with the regulations, we would like to share the information we do know about variable hour employees with you, by way of Frequently Asked Questions (FAQs).

Why does the law require me to purchase medical insurance coverage?

The key goal of the health care reform law is to ensure that everyone has access to healthcare and that no one can be denied coverage due to a pre-existing health problem. However, if people were allowed to wait until they have a health problem to purchase insurance, the market simply will not work effectively and premiums will escalate. There would be few choices available to consumers, and those choices would be expensive for everyone. So, the law requires everyone to have minimum coverage, thus creating a pool of both sick and healthy individuals.

What is the Individual Mandate?

The individual shared responsibility provision of the Patient Protection and Affordable Care Act (sometimes called PPACA or the ACA) requires you and each member of your family to have qualifying health insurance (called minimum essential coverage), qualify for an exemption, or make a shared responsibility payment when filing a federal income tax return.

Why did I receive a Notice of Marketplace Coverage?

The US Department of Labor Employee Benefits Security Administration requires CSU to provide a notice to employees (variable hour student, non-student hourly, graduate student) explaining their coverage options under the ACA health insurance Marketplace (effective Oct. 1, 2013). This notice informs of medical insurance options available through the marketplace, as well as information about coverage offered by CSU even if you are an employee who was either offered or enrolled in the Student Health Insurance Plan or a graduate receiving a health contribution from the graduate school.

Can I remain enrolled in student health insurance or keep my medical coverage under my parent’s policy?

Yes. The Employer Shared Responsibility Mandate of the ACA does not mandate where you obtain coverage, but it does require that you are covered under a qualifying medical insurance policy, in most circumstances, or pay a penalty on your tax return. The health care reform law requires that insurers and employers that provide dependent coverage to children make that coverage available to adult children of enrollees up to their 26th birthday, which means your parent’s policy may be a cost-effective and financially viable group sponsored policy. Enrolling in two insurance plans can lead to coordination of benefits issues.
What is a full-time employee?

As defined in ACA, a full-time employee is one who on average works 30 or more hours per week over the course of a 12-month look-back period (as illustrated in subsequent FAQ’s).

Who is a variable hour employee?

A variable hour employee (variable hour student, non-student hourly, graduate student) is an employee who CSU cannot determine at the time of hire will average at least 30 hours per week. For example, if you are hired and scheduled to work 12 hours one week, 32 hours the next week, and an unknown number of hours the following weeks and months, we cannot tell if you would average 30 or more hours per week and as such you would be considered a variable hour employee. Another complication to performing this variable hour calculation is that many employees work in multiple jobs across different departments simultaneously over the course of their employment.

When does the ACA provision for employees who work 30 or more variable hours become effective?

The Employer Shared Responsibility Mandate of the ACA becomes effective on January 1, 2015. The variable hour employee regulations are contained within this section of the law.

Will there be a restriction on the number of hours an employee (variable hour student, non-student hourly, graduate student) can work at CSU?

No, but the number of hours worked should be incidental to achieve the education necessary for an employee (variable hour student, non-student hourly, graduate student) to obtain a career in accordance with standards set by the IRS. The University supports employees working on campus and understands the importance of employment while attending school. Please know that if an employee is work-study eligible, the financial aid award governs the permissible hours that can be worked each semester.

What constitutes hours worked to determine if I will meet the 30 or more variable hour requirement?

All hours worked, except for those hours related to federal, state, or local government equivalent work-study aid which are intended to advance education, will be counted for purposes of ACA compliance as long as the employee is enrolled in classes at least half-time.

What is required to determine if a variable hour employee will be eligible for benefits?

A variable-hour employee (variable hour student, non-student hourly, graduate student) calculation will be required when CSU cannot determine beforehand whether the employee will meet the 30-hour weekly average. Eligibility for our medical benefits is determined through the use of measurement and stability periods. You can qualify for coverage if you are credited with enough hours of service to qualify as a 30 or more hour employee during a period of time called a measurement period. This option is available to employees who are initially considered to be variable hour, part-time employees on their date of hire. If you are a variable hour employee, Human Resources will determine the average numbers of hours of service per week that you earn during a 12-month look-back measurement period. If you work on average at least 30 hours a week during the entire measurement period, you would receive an offer of insurance enrollment for purposes of CSU’s medical plan eligibility beginning with the next stability period.

For example, if you are a variable hour employee (variable hour student, non-student hourly, graduate student), using a 12-month measurement period, we would count the number of hours worked in those 12-months to determine if you worked 30-hour weeks on average. If your hours of service meet this threshold, you would be a full-time employee for purposes of medical coverage during the next stability period. A stability period is the time frame in which your medical coverage is effective; up to 12-month unless you are no longer active in service as an employee.
What is a measurement period?

A measurement period is a period of time during which we will look-back 12-months to see how many hours of service per week employees were credited on average. We will use that average to determine the eligibility OR continued eligibility for medical benefits for those employees.

What is a stability period?

A stability period is a period of time during which you will either be considered to be a full-time or non-full-time employee for purposes of your eligibility for medical benefits. If you are determined to be full-time during the immediately prior measurement period, you will be considered a full-time employee eligible for medical benefits for the immediately subsequent stability period. However, if you were determined not to be full-time during the immediately prior measurement period, then you will be considered a non-full-time employee who is not eligible for medical benefits for the immediately subsequent stability period, unless you have a change in employment status that causes you to become eligible for medical benefits. Eligibility for medical plan coverage at CSU does not mean that the offer of coverage must be accepted, as plan enrollment rules allow coverage to be declined, if the employee is enrolled on a comparable ACA qualifying medical insurance policy.

For example, if you were determined to work on average 30 or more hours per week during our standard measurement period from Oct. 15, 2013 through Oct. 14, 2014, then you would be considered to be a full-time employee from Jan. 1, 2015 – Dec. 31, 2015 for purposes of enrolling in the University’s self-funded medical plan.

This means that during the stability period (Jan.1, 2015 through Dec. 31, 2015), you are eligible for medical coverage so long as you pay your premiums through payroll deduction and continue your employment with CSU. If, however, you were determined not to be a full-time (works on average 30 or more hours per week over 12-months) employee during our standard measurement period from Oct. 15, 2014 through Oct. 14, 2015, then you would not be considered to be eligible as full-time employee from Jan. 1, 2016 through Dec. 31, 2016. This means that you would not be eligible for medical benefits coverage unless you have a change in employment status that would make you become eligible for medical benefits in the future.

What is an administrative period?

An administrative period is a period of time between the measurement period and the stability period, during which CSU will determine which employees (variable hour student, non-student hourly, graduate student) are eligible for coverage, as well as notify and enroll those employees. For ongoing employees, an administrative period occurs after the measurement period ends and before the associated stability period begins. This administrative period will not reduce or lengthen your measurement period or stability period, and it will not be longer than 90 days. It will overlap with the prior stability period; so that, during the administrative period, you will still be offered medical benefits coverage until the new stability period begins, if you are considered to be a full-time employee (works on average 30 or more hours per week over 12-months).

For new variable hourly employees, the administrative period will not exceed 90 days in total. However, your initial measurement period and administrative period together will not extend beyond the last day of the first calendar month beginning on or after the first anniversary of your start date.

When will I know if I am eligible for CSU’s employee medical plan effective January 1, 2015?

Employees (variable hour student, non-student hourly, graduate student) who meet the 30 or more hour requirement on average over the course of the 12-month look-back period will be notified by December 2014 of any eligibility to enroll in the University’s self-funded medical plan. Only those affected employees will receive enrollment information. The enrollment process must be completed timely and returned to the Human Resources department or coverage will be defaulted in accordance with plan provisions and you will not be allowed to initiate subsequent enrollment changes in the same stability period, unless you experience a qualifying event.
If I’m a newly hired employee, how do the initial measurement, administrative, and initial stability periods work?

If you are a newly hired employee (variable hour student, non-student hourly, graduate student) and your hours of service will be determined based upon a measurement period, we will track your hours of service beginning with the first of the month following your date of hire and for the next 12 months. This period is called an initial measurement period. If you average 30 or more hours of service per week during your initial measurement period, then you will be classified as a full-time employee for purposes of medical benefits coverage during the following stability period.

For example, if you are hired on May 5, 2015 and you are credited with an average of 30 or more hours of service per week between June 1, 2015 and May 31, 2016, you will qualify as a full-time employee for purposes of medical coverage for the period beginning July 1, 2016. You may then elect medical coverage effective July 1, 2016 through June 30, 2017 by completing the enrollment process. The enrollment process must be completed timely and returned to the Human Resources department or coverage will be defaulted in accordance with plan provisions and you will not be allowed to initiate subsequent enrollment changes in the same stability period. Moreover, if you are eligible for medical benefits, Human Resources will notify you about the enrollment process.

Who is an ongoing employee?

An ongoing employee is an employee who has been employed for a complete standard measurement period. CSU’s standard measurement period extends from Oct. 15 through Oct. 14 of the next year.

At what point would CSU stop using initial measurement and stability periods and transition you to an ongoing status?

Beginning with the first standard measurement period that begins during your employment with CSU, at the same time and under the same conditions as other ongoing employees, CSU will begin tracking your hours of service as an ongoing employee. For example, if you are hired on May 15, your initial measurement period will last from June 1 until May 31 of the following year, and your hours of service would be calculated based on that period of time. In addition, CSU would begin tracking your hours of service on Oct. 15 as part of the standard measurement period to determine if you will be considered a full-time employee beginning with the next standard stability period (Jan. 1 through Dec. 31). This means that there may be some overlap as CSU continues to track your hours of service during your initial measurement period and your hours of service during your first standard measurement period while in CSU’s employment.

How do measurement and stability periods work if I’m an ongoing employee?

If you are an ongoing employee (variable hour student, non-student hourly, graduate student), CSU will track your hours of service based upon a measurement period from Oct. 15 through Oct. 14 of the subsequent year. This period is called a standard measurement period. If you average 30 or more hours of service per week during the standard measurement period, you will be classified as a full-time employee for purposes of medical benefits coverage during the next stability period. For example, if you are credited with an average of 30 or more hours of service per week from Oct. 15 through Oct. 14 of the subsequent year, CSU will classify you as a full-time employee for purposes of medical benefits coverage for the period beginning Jan. 1 through Dec. 31. You may then elect coverage effective Jan. 1 by timely completing the enrollment process communicated from Human Resources.

If I’m classified as a full-time employee for purposes of medical benefits coverage during a measurement period, when will my coverage begin?

If you are classified as a full-time employee for the purpose of medical insurance during a measurement period, your coverage will begin after the end of an administrative period. The administrative period may be up to 90 days in length. Your coverage will begin with the beginning of your stability period if you choose to elect coverage under our medical plan.
What happens if my hours as a variable hour employee drop after I'm enrolled in medical coverage?

If your hours of service reduce after you are enrolled in our self-funded medical plan as part of a current stability period, you will nonetheless continue to be covered so long as you continue to make your required employee premium contributions through payroll deduction and are an employee (variable hour student, non-student hourly, graduate student). However, your reduced hours of service will count toward the current standard measurement period, and you may lose coverage after the end of the current stability period if you fall below the required 30 or more hours on average over a 12-month look-back period.

Do only the hours of service that were incurred during the school year count toward determining if I’m a full-time employee?

No. For employees of academic institutions, a special rule applies to employment break periods of four or more consecutive weeks where a trailing period of time preceding the break will be used to calculate the average (but no more than 501 hours of service are required to be credited). For example, if every pay period over a 12-month look back period is worked by an employee except for over holiday breaks, the average hours generally worked would be added towards the 30+ hour eligibility requirement for those pay periods the employee did not work. In some cases, this will allow an employee to become eligible, when otherwise they would not ordinarily meet the required criteria to be full-time under Health Care Reform.

If an employee’s break is greater than the previous period of employment directly preceding the break or if they have zero hours of service for a period of 26 consecutive weeks or more, the employee is considered a new hire upon resumption of service and the initial measurement would begin. Human Resources will track this data and timely notify you if you are a full-time employee.