Knowing Who is a Full-Time Employee is Important Under ACA

Beginning January 1, 2015, employers with the equivalent of 100 or more full-time employees must offer "affordable" health insurance coverage that meets the minimum value specifications of the Affordable Care Act to at least 70 percent of their full-time employees. By 2016, those same employers will need to provide coverage to at least 95 percent of their full-time workers. Starting January 1, 2016, employers with the equivalent of 50 to 99 full-time employees must provide "affordable" care to at least 95 percent of their full-time employees. There are financial penalties for failing to meet the coverage and affordability requirements based on the calculation of who is considered a full-time employee. For calculating full-time status, the ACA regulations define three methods:

**Look-back standard measurement period:** No longer than 12 months and no shorter than three consecutive months to determine if an employee has full-time status and is eligible for health care coverage.

**Administrative period:** Up to 90 days for the employer to calculate and notify employees of full-time status, enroll/disenroll employees and carry out similar administrative tasks.

**Stability period:** Once employees are notified of their full-time status, they will be considered full-time for a stability period that can be no less than six and no more than 12 months (and not longer than the measurement period, except in this first year), regardless of hours worked during this time. At the end of the stability period, the employer may again measure the employee's status.

The rules differ for new employees and ongoing employees, and between the initial measurement period and ongoing employee measurement period, as described in [Treasury Notice 2012-58](#).
NLRB Proposes Rules to Expedite Representation Case Proceedings
The National Labor Relations Board's (NLRB) has proposed amendments to its rules covering representation case and election procedures designed "to reduce unnecessary litigation, increase transparency and update the Board's rules to reflect modern communications technology." Under the proposed rules, pre-election hearings would be held only to determine whether a question concerning union representation exists that should be resolved in a secret ballot election. Disputes about voter eligibility and unit scope will be determined after the election, instead of before it, if at all. Hearing officers would have authority to limit pre-election hearing evidence and to close the hearing even if the eligibility of up to 20 percent of the bargaining unit members is still in doubt. Post-hearing briefs would be permitted at the hearing officer's discretion rather than as a matter of right. Parties may seek NLRB review of a Regional Director's pre-election rulings after the election, instead of before. Regional Directors would no longer be prohibited from scheduling an election less than 25 days after directing an election, and no time period is prescribed. These proposed rules mirror a set of regulations originally issued by the Board in December 2011 and were scheduled to become effective in April 2012 before being challenged and blocked by a federal court on procedural grounds.

IRS Issues Guidance on FSA Carryover and HSA Eligibility
The IRS has issued guidance on how a health flexible savings account (FSA) that consists solely of amounts carried forward from the prior year may be coordinated with coverage under a health savings account (HSA). In Memorandum 201413005, the IRS confirms that an employee may not contribute to an HSA if he or she is covered under a general purpose health FSA, even if that FSA contains only amounts that are carried forward from the prior year. Individuals are generally prohibited from contributing to an HSA unless they participate in a high deductible health plan and do not participate in any other health plan that provides coverage for deductibles, copayments, and other expenses that are covered under the high deductible health plan. A general purpose health FSA would cover those expenses. The memorandum describes options that employers may consider if they have added carry forward provisions to their health FSAs and are concerned about the limits this might impose on an employee who wishes to enroll in a high deductible health plan with an HSA in the following year. These options include: providing for the carry forward to be applied to a limited purpose health FSA that is compatible with an HSA; and allowing employees to elect not to carry forward any unused amounts from their health FSA if they are going to enroll in an HSA.

IRS Issues 2015 Inflation Adjustments for HSAs and HDHPs
The Internal Revenue Service has issued calendar year 2015 inflation-adjusted limits for the annual contributions to health savings accounts (HSAs) and for the minimum deductible amounts and maximum out-of-pocket expense amounts for high-deductible health plans (Rev. Proc. 2014-30). Individuals who participate in a high deductible health plan are permitted a deduction for contributions to HSAs to help pay medical expenses. For HSAs, the limit on the contribution deduction for 2015 is $3,350 for individual coverage and $6,650 for family coverage. A high deductible health plan is defined as a plan with a minimum annual deductible that is not less than the amount specified by the IRS, and for which the maximum annual out-of-pocket expenses, including deductibles, copayments, and other amounts (but excluding premiums) does not exceed an amount also specified by the IRS. For 2015, the minimum annual deductible under a high-deductible health plan is $1,300 for individual coverage and $2,600 for family coverage. The maximum out-of-pocket expense is $6,450 for individual coverage and $12,900 for family coverage.

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