Benefits & Human Resources

Affordable Care Act
Internal Resources Packet

FEBRUARY 2014
How to Implement the ACA Measurement Periods

Useful methods and reminders

**UT SYSTEM MUST MEASURE**
All institutions must measure the number of work hours for employees to ensure that UT SELECT Medical coverage is being offered to those who work 30 hours per week or 130 hours per month. Participation in TRS is not a requirement to be eligible for health insurance under the Affordable Care Act effective January 1, 2015.

**WHO TO MEASURE**
Anyone who is employed and receiving a paycheck.

**HOW TO MEASURE**

**OPTION 1**
**Payroll**
Contact your Payroll office and find methods currently used to track hours worked for payment.

**OPTION 2**
**Departments**
Contact Departments and Colleges/Schools to learn about their methods to track work hours.

**OPTION 3**
**Other Methods**
Paper timesheets or spreadsheets that are used to track hours.

**Remember!**

1. **START MEASURING**
The measurement period began November 1, 2013.

2. **PENALTIES**
$2,000 per every full-time employee (30 hours) if 95%* of the full-time employees at each institution are not offered medical coverage**.

3. **SHARE RESOURCES**
Use the ACA workgroup to share ideas, uses of current resources, and newly created tools to measure employee work hours.

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* For 2015, 70% of full-time employees. For 2016 and beyond, 95% of full-time employees.

** See more details on this penalty and other fees and penalties on page 2.
## ACA Summary of Fees and Penalties

<table>
<thead>
<tr>
<th>EXPENSE TYPE</th>
<th>PATIENT CENTERED OUTCOMES RESEARCH INSTITUTE FEE</th>
<th>TRANSITIONAL REINSURANCE FEE</th>
<th>EMPLOYER SHARED RESPONSIBILITY**</th>
<th>FAILURE TO OFFER COVERAGE PENALTY**</th>
<th>INDIVIDUAL MANDATE</th>
<th>CADILLAC EXCISE TAX</th>
</tr>
</thead>
<tbody>
<tr>
<td>RESPONSIBLE PAYER</td>
<td>UT SELECT Plan (Paid by Office of Employee Benefits)</td>
<td>UT SELECT Plan (Paid by Office of Employee Benefits)</td>
<td>EMPLOYER (PAID BY EACH INSTITUTION)</td>
<td>EMPLOYER (PAID BY EACH INSTITUTION)</td>
<td>INDIVIDUAL TAXPAYER</td>
<td>UT SELECT Plan (Paid by Office of Employee Benefits)</td>
</tr>
<tr>
<td>ESTIMATED FEE/COST</td>
<td>$1 per covered person for FY13</td>
<td>$63 annually per covered person for FY14, Amount reduced for FY15 and FY16.</td>
<td>$3,000 per each full-time employee who enrolls in coverage through the Marketplace and who receives a federal subsidy.</td>
<td>$2,000 per each full-time employee, minus 30 employees if 95%*** of the full-time employees are not offered medical coverage at that institution and one person enrolls in coverage through the Marketplace and receives a subsidy.</td>
<td>2014* $95 2015* $325 2016* $695</td>
<td>40% excise tax on the amount of the medical insurance premium that is above the established limits</td>
</tr>
<tr>
<td>COMMENTS</td>
<td>Fee will partially fund the institute that will assist patients, clinicians, purchasers and policy-makers in making informed health decisions through the dissemination of comparative clinical effectiveness research findings. Estimated annual impact $7.1M FY14* $8.6M FY15 $7.1M FY16 Fee supports the reinsurance payment to individual market insurers that cover high cost individuals. Penalty is accessed if a 30 hour or more employee enrolls in coverage through the Marketplace, qualifies for and receives a subsidy. Eligibility for subsidy is a total household income of up to 400% of the poverty level and the cost of employee-only UT Select coverage exceeds 9.5% of the employee’s salary. Penalty applies to employers who do not offer coverage to 95% of the “full-time workforce” or do not offer minimum value coverage. UT SELECT Medical Plan does meet the minimum value standard. However, the institutions must measure the workforce and offer medical coverage to those who are full-time** in order to ensure compliance with the 95% rule. The effective date was 2014 until announcements from Health and Human Services moved the Individual mandate to begin in 2015. If by 2018 the premium for the UT SELECT plan exceeds $10,280 for individual coverage or $27,500 for family coverage the Cadillac Excise Tax could be imposed. More information forthcoming about this tax as 2018 years.</td>
<td></td>
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<tr>
<td>Fee will be indexed each following year</td>
<td>Estimated annual impact $153,000 FY13 $313,000 FY14 * Only includes 8 mos.</td>
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</tr>
</tbody>
</table>

** = “Full-time” is defined under the Affordable Care Act as a person working 30 or more hours per week or 130 hours per month.

*** = For 2015, 70% of full-time employees. For 2016 and beyond, 95% of full-time employees.
**INITIAL MEASUREMENT PERIOD** | Every employee gets their own 12 month measurement period from the date of hire. *See example in chart.*

**ADMINISTRATIVE PERIOD** | No more than the full calendar month after the month when the measurement period ends for the Initial Measurement Period.

**ENROLLMENT** | The full calendar month or a portion of that serves as the Enrollment Period.

**EFFECTIVE DATE** | No later than the first of the month following the Administrative Period.

**STABILITY PERIOD** | Full 12 months as of the coverage begin date.

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**NOTE:** If the employee qualifies again during the Standard Measurement Period, they will continue to have coverage beyond their first 12 months and will be included with the rest of the population’s stability period that begins on September 1. We would not break their coverage at the end of the first 12 months and then restart on September 1. Conversely, if they do not qualify during the Standard Measurement Period, the coverage would end at the end of the 12 month period and the person must be offered COBRA.

A = annual basis each following year

**VER 10.18.13**
ACA Measurement Periods

Break in Service Examples
(for breaks greater than 4 weeks but less than 26 weeks)

**OPTION 1** | Use the average hours worked after excluding the period of the break in service and excluding any period of special unpaid leave.

**EXAMPLE:**

**MEASUREMENT PERIOD** | NOV 1, 2013 - OCT 31, 2014

**BREAK IN SERVICE** | JAN 1, 2014 - FEB 28, 2014

Do not use this time in your calculation.

**AVERAGE** | NOV 1, 2013 - DEC 31, 2013 ‡ MAR 1, 2014 - OCT 31, 2014

Average the hours worked during these months which would be total hours worked and divided by 10.

If the total is 130 or more, the person is eligible.

**OPTION 2** | Use the average hours worked and apply those same average hours to the period of the break in service and the period of special unpaid leave.

**EXAMPLE:**

**MEASUREMENT PERIOD** | NOV 1, 2013 - OCT 31, 2014

**AVERAGE** | NOV 1, 2013 - DEC 31, 2013 ‡ MAR 1, 2014 - OCT 31, 2014

Average the hours worked during these months which would be total hours worked and divided by 10.

If the total is 130 or more, the person is eligible.

**BREAK IN SERVICE** | JAN 1, 2014 - FEB 28, 2014

Apply the average hours worked during the working months above to this period of time.

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**BREAK IN SERVICE**

- For educational institutions, employment break is a break of at least four consecutive weeks.
- Break means the person is not credited with an hour of work.
- Break greater than 26 weeks, new hire upon return.

**NOTE** | Special unpaid leave is not considered a break in service.
# Health Care Reform and UT Benefits - effective dates

<table>
<thead>
<tr>
<th>Earliest Possible Effective Date</th>
<th>Plan</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>JUNE 2010</strong></td>
<td>Early Retiree Reinsurance Program</td>
<td><strong>No Change</strong>—OEB applied for funding on behalf of plan, received application approval and invitation to submit data</td>
</tr>
<tr>
<td><strong>JANUARY 1, 2011</strong></td>
<td>UT Flex Health Care Reimbursement Account</td>
<td>Elimination of certain over-the-counter items, unless it is insulin or prescribed by a physician</td>
</tr>
</tbody>
</table>
| **SEPTEMBER 1, 2011**            | UT SELECT Medical Plan | - Coverage for young adults to age 26  
- 100% coverage for Preventive Services  
- No pre-existing condition limits for under age 19 participants |
| **SEPTEMBER 1, 2011**            | UT SELECT Medical Plan | Implementation of external appeals process |
| **TAX YEAR 2012, OPTIONAL FOR TAX YEAR 2011** | Payroll Reporting | W-2 must include value of health program |
| **JULY 2013**                    | UT SELECT Medical Plan | Availability of 4-page plan summary of benefits |
| **SEPTEMBER 1, 2013**            | UT Flex Health Care Reimbursement Account | Reduction of maximum annual contribution from the UT designed $5,000 limit to $2,500 annually |
| **SEPTEMBER 1, 2013**            | UT SELECT Medical Plan | No pre-existing condition limit for any age.  
**NOTE: Compliant as of 9/1/11** |
| **OCTOBER 1, 2013**              | UT SELECT Medical Plan | Employer notice regarding exchanges |
| **NOVEMBER 1, 2013**             | UT SELECT Medical Plan | Measurement period begins at each institution |
| **2013-2019**                    | UT SELECT Medical Plan | Patient-Centered Outcome Research Institute “PCORI” Fee |
| **SEPTEMBER 1, 2014**            | UT SELECT Medical Plan | Reduction of state mandated waiting period for newly eligible employees and their dependents from up to 120 days to a 90 day maximum. |
| **SEPTEMBER 1, 2014**            | UT SELECT Medical Plan | Out of pocket maximum (including deductibles, co-insurance, and co-payments) cannot exceed $6,350 for self-only coverage and $12,700 for family coverage under the medical plan. |
| **JANUARY 1, 2015**              | UT SELECT Medical Plan | 30 hour employees considered full-time for ACA eligibility purposes |
| **SEPTEMBER 1, 2015**            | UT SELECT Medical Plan and UT SELECT Prescription Drug Plan | Out of pocket maximum (including deductibles, co-insurance, and co-payments) cannot exceed $6,350 for self-only coverage and $12,700 for family coverage under the medical plan and prescription drug plan combined. |