Under the Affordable Care Act (ACA) the definition of Full-time Equivalent (FTE) includes variable hour employees who are paid an average of 130 hours/month (30 hours week) or upon hire if expected to be paid for an average of 30 or more hours per week within the initial 90 days of employment/or change in assignment or status. The mandate for Employer health insurance coverage is not based on hours actually worked, but rather, hours paid. Examples include paid vacation leave, sick leave, jury duty pay, etc. This new definition has been termed the “30-hour rule”.

1. The 30-hour rule includes two groupings of employees as follows:
   a. **Immediately Eligible.** Beginning January 1, 2015, if MSU expects a non-benefit-eligible employee to be paid an average of 30 hours per week for at least 90 days, at the time of being newly hired or appointed, the employee will become immediately eligible for mandated insurance and must be offered the opportunity to enroll in the MSU designed health plan, effective the first of the following month of the hire date. If the employee at any point within the first year of hire is expected to be paid 30 hours per week or more for 90 days or longer due to a change in assignment or status, he/she will also be immediately eligible for coverage. This scenario also includes those employees who are rehired at MSU with a break in service greater than 26 weeks. Types of employees becoming immediately eligible include fixed-term faculty/academic staff appointed less than 9 months, temps, on-calls, project pay and student employees.
   The stability period (period when an employee becomes eligible for health coverage) for those immediately eligible would continue for the 12-month initial measurement period unless there is a status change. *(see example on page 4)*
   **Not Immediately Eligible.** Non-benefit-eligible employees who have worked for the university for at least one year without a break greater than 26 weeks and are transferring into a position where they are reasonably expected to work an average of 30 hours per week, will not be given immediate eligibility. Immediate eligibility only applies to the employee during their first year of employment after new hire or rehire.

   b. **Measured.**
      
   i. Newly hired or rehired (after a break greater than 26 weeks). A one-year measurement period applies effective the first of the month following the date of hire or rehire and coverage must be offered only if the employee is paid an average of 30 hours per week over the measurement period. This measurement period for new hires and rehires is called an “initial measurement period”. Temps, on-calls, project pay and student employees will need to be measured in most cases.
ii. **Current employees** — All paid existing employees will receive a “standard measurement period” each year beginning January 1st through December 31st. If the employee is paid an average of 30 hours per week over the measurement period, mandated coverage must be offered for following calendar year, which is referred to as the “stability period”.

c. Employees who are newly hired or rehired after a break greater than 26 weeks will have both an initial measurement period and a standard measurement period which will overlap one another for a period of time.

d. Employees may be considered as having terminated employment and rehired if the period with no credited hours of service (break in service) is less than 26 weeks but at least four weeks and their period of employment immediately preceding that period of no credited hours of service is longer than their period of employment. *(see example on page 4).*

e. All paid employees, regardless of their MSU benefit eligibility, will be measured and given a stability period, if earned during the preceding measurement period. This is necessary so that if a regular benefit eligible employee loses MSU benefit eligibility due to a change in employment status, mandated eligibility would “kick in” and become applicable.

2. Active employees who receive a W2 from MSU will have their time measured whether or not they are immediately eligible as described above. *(Applicable to U.S. Citizens and legal residents also known as Permanent Resident Alien, Resident Alien Permit Holder and Green Card Holder).*

3. How will faculty and academic staff have their time measured?
   a. For purposes of ACA only, hours will be estimated by converting percent of employment into an hourly equivalent based on a 40-hour week, e.g. a 75% appointment would be calculated as .75 x 40 hrs = 30 hours per week. *Final technical language is pending.*

4. **Project Pay:** hours will be estimated by dividing the total pay by an average estimated hourly rate for the employee type. Average rates used for calculation will be $10 per hour for student employees; $14 per hour for support staff and $50 per hour for faculty/academic staff.

5. When will the 12-month standard measurement period begin and end?
   a. The first measurement period for all active employees begins January 1, 2014 and ends December 31, 2014
   b. The measurement period restarts each January 1st thereafter
   c. Coverage under the MSU health plan would begin no earlier than January 1, 2015 for the newly mandated employees

6. When is the soonest health coverage would apply to the Immediately Eligible group?
   a. January 1, 2015
7. What happens if an employee is paid for an average of 30 hours or more during the measurement period but reduces paid hours to less than 30 during the stability (benefits) period, such as a change to on-call status?
   a. Any employee who qualifies for benefits during a measurement period becomes eligible for benefits during the following stability period without regard to how many hours are paid during the stability period.

8. How much will departments be charged for “mandated” health coverage? Mandated health coverage is coverage for employees who are not eligible under traditional MSU policies but are required to be covered under Health Care Reform
   a. Approximately $5,000/annually or $417/month
   b. The amount charged is based on eligibility not actual enrollment.

9. When will the unit/department be charged?
   a. The department begins to pay at the point an employee is eligible for mandated health coverage. For example, on a monthly basis at the point the measurement period ends and the stability period begins or if a department reasonably expects to pay an employee an average of 30/hours week for 90 days or more at the time of hire or appointment, under the immediately eligible definition.
   b. The charge will be collected on a monthly basis from whatever departmental account or grant account through which the employee is funded. Note: This charge will also apply to General Fund accounts.

10. What if the employee is paid from multiple units, who pays for the health coverage?
   a. **Immediately Eligible:** the amount can be prorated among employing units.
   b. **Measured:** if the employee is paid an average for 30 hours/week for Unit A, then transfers or is employed by Unit B (or multiple units) and is paid only 20 hours/week, Unit B (or the multiple units on a prorated basis) will be charged for the health coverage for the duration of the stability period (coverage period).
      i. In other words, if an employee qualifies for coverage by meeting the 30 hour threshold and subsequently transfers to another department, the responsibility for payment moves with the person to the other department for the duration of the stability period, which is typically one year.

11. The initial measurement period for all new hires begins the first of the month following the date of hire. They will have a concurrent measurement period that will begin the January 1 following their date of hire.

12. How can units/departments track the amount of time an employee is paid, particularly if multiple units are involved?
a. A report will be available to assist units with tracking time paid regardless of whether the employee is paid from your unit/department.

13. How are Research Associates and Postdoctoral Fellows impacted by this new definition?
   a. While final technical language has not been released, paid time will be measured in the same manner as other employee groups. Should a Research Associate meet the 30-hour definition, health coverage would be offered in the same manner as other employees with the employing unit being charged.
      i. Excludes anyone paid through an account transfer.

Examples:

Immediately Eligible:

<table>
<thead>
<tr>
<th>Hire date 1/2/2015 for 30 hrs/week/ 90 days or more</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
</tr>
<tr>
<td>No</td>
</tr>
<tr>
<td>Eligible for health coverage 2/1/2015 through 1/31/2016 unless there is status change to less than 30 hrs/week during the initial measurement period</td>
</tr>
<tr>
<td>Initial 12 month measurement period begins 2/1/2015 and concludes 1/31/2016; standard measurement period begins 1/1/2016</td>
</tr>
</tbody>
</table>

Variable Hour (zero hours credited for less than 26 weeks)

<table>
<thead>
<tr>
<th>Variable hour employee</th>
</tr>
</thead>
<tbody>
<tr>
<td>During the measurement period, status change to zero hours credited for 26 weeks or less</td>
</tr>
<tr>
<td>Zero hours credited for more than 4 weeks</td>
</tr>
<tr>
<td>Yes</td>
</tr>
<tr>
<td>Time associated with zero hours would be averaged during the measurement period</td>
</tr>
<tr>
<td>No</td>
</tr>
<tr>
<td>If time credited for zero hours is longer than time actually worked/paid, employee is considered terminated</td>
</tr>
</tbody>
</table>
Revision History:

10/1/2013 – Section 1d. Impact on measurement period for a break in service less than 26 weeks.
10/7/2013 – Section 1a. Stability period for those employees who are immediately eligible; Section 2. Added U.S. Citizens and legal residents; added example of Immediate Eligibility and Variable Hour with a break in service less than 26 weeks.