

## City of Calistoga

# POLICY AND GUIDELINES AFFORDABLE CARE POLICY AND COMPLIANCE PROCEDURES TO DETERMINE PART-TIME EMPLOYEE ELIGIBILITY UNDER THE AFFORDABLE CARE ACT (ACA)

### Policy Authorization

Effective Date \_\_\_\_\_

Revision Dates (1) \_\_\_\_\_ (2)  
\_\_\_\_\_

Authorization \_\_\_\_\_

Dylan Feik, City Manager

### **OVERVIEW**

The Patient Protection and Affordable Care Act, also known as the Affordable Care Act or ACA provides that an employer with more than 50 employees offer affordable healthcare coverage with a minimum essential value to at least 95% of full-time employees. Per ACA, a full-time employee is one who works on average 30 hours per week to be measured within a specific timeframe defined by the employer (based on mandated guidelines). As a large employer under this Act, the City of Calistoga will comply with these mandates as defined below by utilizing the following policy and procedures.

### **PURPOSE**

This policy outlines the City's obligations under the ACA for offering health care to eligible Part-Time employees and determining eligibility under the ACA.

### **POLICY**

GENERAL POLICY: The policy as written, covers all Part-time employees of the City of Calistoga.

### **WHO IS COVERED**

This policy applies to all City Part-Time Employees who works on average 30 hours per week to be measured within a specific timeframe defined by the employer (based on mandated guidelines)

## **PROCEDURES**

### **Notice of Exchange (Marketplace)**

The ACA mandates that a notice of Exchange or Marketplace be provided to all employees. A notice will be provided to all City employees informing them of their ability to purchase coverage on the Exchange. The State of California's exchange is called *Covered California*. The notice will include eligibility information, information about employer coverage and contact information for questions. The notice will be provided to new employees in the "orientation packet" within 14 days of their hire date.

### **Minimum Essential Coverage and Minimum Value**

Health insurance offered by the City provides minimum essential coverage as outlined by the ACA. This benefit also complies with the minimum value requirement of the ACA. Under the ACA, the insurance coverage must pay for at least 60% of the employee's healthcare costs, including co-pays. The City will continue to monitor the health coverage provided to eligible employees to ensure compliance with the ACA mandates of minimum essential coverage and minimum value.

### **Affordability**

The City's current benefits program complies with the affordability provision of the Affordable Care Act. Under this provision, the employee's cost of healthcare cannot be more than 9.66% of the employee's household income. Affordability can be calculated by dividing the employee's contribution to healthcare by the employee's monthly pay (hourly rate of pay x monthly hours). The City currently does not require an employee contribution to go above 9.66% of the lowest cost, employee-only health plan. The City will continue to monitor the health coverage provided to eligible employees to ensure compliance with the ACA mandate of affordability.

### **Offering "substantially all" full-time employees and dependents coverage**

The policy of the City of Calistoga is to offer health insurance coverage to 100% of all full-time employees as defined the ACA. For purposes of the ACA, "full-time" is defined as any employee working an average of 130 hours or more per month or 30 or more hours per week over 52 weeks. Safe harbors are available to employers to establish measurement periods for purposes of determining full-time hours and healthcare eligibility. The City is utilizing a measurement period of 12 months (see Safe Harbor section). The City is utilizing an ACA full-time employee definition of 30 hours or more per week (130 hours or more per month) as averaged over the applicable measurement period.

Except as defined otherwise in a valid employee agreement, employees who work a part-time, seasonal, or intermittent schedule and are deemed eligible based on the "Safe Harbor Look Back Measurement" method as described in this policy (below) will be offered health coverage as stated in this paragraph.

- Employees with a date of hire prior to October 3, 2017 who have been offered and have accepted health insurance in a previous period will be offered the

lowest-cost employee and dependent health care coverage. The City will pay 90% of the premiums for this coverage. If employee refuses coverage, he/she is not eligible for an “opt-out” benefit.

- Employees with a date of hire on or after October 3, 2017 or any employees who have not been offered and accepted health insurance before, regardless of date of hire, and who are deemed eligible under this policy in a current or future measurement period, will be offered the lowest-cost employee-only health care coverage. The City will pay 90% of the premiums for this coverage. If employee refuses coverage, he/she is not eligible for an “opt-out” benefit.

### **“Safe Harbor” for Determining Full-Time Employees**

The City of Calistoga will use the Look-Back Measurement method, a 10-month measurement period, for purposes of calculating who is a full-time employee, and determining eligibility for offering healthcare. If an employee averages 30 hours of service per week over the course of the specified measurement period (identified below), the City will report to the IRS the employee’s status as full-time under the ACA for months during the stability period associated with that measurement period. A report to the IRS of an employee’s full-time status under the ACA does not define the employee as full-time for any other purpose.

The Administrative Services Department will be responsible for calculating the average number of monthly hours over the 10-month Measurement Period. This calculation will be done during the “*Administrative Period*” and employees averaging 30 hours per week (130 hours or more per month) will be offered healthcare coverage for the following “*Stability Period*,” which coincides with the calendar/health plan year.

Employees who are determined as full-time during a Measurement Period remain eligible for coverage for the entire 12-month *Stability Period*. Coverage is offered regardless of hours worked during the *Stability Period*.

Employees who are determined as full-time during a *Measurement Period* and received and accepted an offer of coverage over the associated *Stability Period* but were not determined full-time during the next *Measurement Period* will receive a notice of cancellation of health care at the end of the current *Stability Period* and will not be eligible for health insurance again until they are determined as full-time in a future *Measurement Period*. These employees will then fall under the employee-only health coverage plan.

### **The following are the identified periods for ongoing employees:**

\*Ongoing employees are employees that have worked longer than one standard measurement period.

**1<sup>st</sup> Standard Measurement Period (10 months): October 1, 2017 – October 31, 2017.** Includes the pay period including the first of the month in October 2016 and excludes the pay period including the last day of the month in October 2017.

**Administrative Period (2 months): November 1, 2017 – December 31, 2017**

**1<sup>st</sup> Stability Period (12 months):**            **January 1, 2018 – December 31, 2018**

**Standard Measurement Period (10 months):** **October 1, 2017 – October 31, 2018**  
(Includes the pay period including the first of the month in October 2017 and excludes the pay period including the last day of the month in October 2018)

**Administrative Period (2 months):**        **November 1, 2018 – December 31, 2018**

**2<sup>nd</sup> Stability Period (12 months):**            **January 1, 2019 – December 31, 2019**

**This cycle will continue in the same manner for future years**

### **Measurement of New Hires**

#### **Initial Measurement Period (10 months):**

Begins the pay period including the first of the month following hire and excludes the pay period including the last day of the 10<sup>th</sup> month. New hires will also be included in the next Standard Measurement period, so will have two overlapping measurement periods in their first year. For example, if a new employee is hired on July 10, 2017, this employee will be measured during the initial measurement period (as defined in this section) and also during the standard measurement period beginning on January 1, 2018. After the first year, they will be measured as all other employees are measured above.

### **New Employee Protocol**

**The below applies only to employees not eligible for benefits under a labor contract or other agreement.**

Upon hire, if an employee is reasonably expected to average 130 hours or more per month during his/her initial measurement period, healthcare coverage will be offered within 30 days of hire. If employee chooses to enroll in healthcare, the employee will be enrolled no later than 60 days of hire.

If an employee is not reasonably expected to average 130 or more hours per month during his/her initial measurement period, healthcare coverage will not be offered and the initial measurement period will be relied upon to determine eligibility. If eligible and employee chooses to be covered, coverage will begin no later than the first of the month following employee's first anniversary. (e.g., if employee is hired on July 10, 2017 and is deemed eligible, coverage will begin no later than August 1, 2018).

### ***ADDITIONAL INFORMATION***

Information regarding the City's policy on eligibility of health insurance is distributed to all part-time employees, and all employees may obtain a copy of this policy at any time from their supervisors.

Inquiries regarding the application of this policy may be directed to employee's supervisor, department head, any human resources management staff available, or directly to the City Manager.

***AGREEMENT FOR ELIGIBILITY OF HEALTH INSURANCE AS A CITY OF CALISTOGA EMPLOYEE***

By signing this agreement, I certify that I understand the terms and conditions of this agreement and the City's policy, and I accept responsibility for adhering to the agreement. I also understand that violations of the policy may result in disciplinary action as provided for in the City's Personnel Rules, including termination.

Employee Full Name: \_\_\_\_\_

Employee Signature: \_\_\_\_\_

Date: \_\_\_\_\_