

PPACA Full-time to Part-time Changes

Definitions:

Measurement period can be any period from 3 - 12 months as determined by the employer. The state chose a 12-month measurement period beginning the first week in October and ending the first week of October of the following year.

Administrative period can be up to 90 days to allow the employer time to evaluate the hours from the measurement period and offer coverage to the eligible employees. The state's administrative period begins the day after the measurement period ends and ends on December 31st.

Stability period is the period in the plan year that is equal in length to the measurement period but not less than 6 months. The state's stability period is 12 months and begins the day after the administrative period ends.

Full-time (State definition) - A position or an employee budgeted for or scheduled to work a full-time schedule as defined by the Commissioner of Human Resources and the Commissioner of Finance and Administration, usually one thousand nine hundred and fifty (1,950) hours or more a year. (State of Tennessee Rule 1120-01-.01(23))

Full-time (PPACA) - working on average 30 hours or more a week during the measurement or stability period.

For Example:

Measurement period 1 – October 4, 2020-October 2, 2021

Administrative period 1 – October 5, 2020 - December 31, 2020

Stability period 1 – January 1, 2021 - December 31, 2021

Measurement period 2 – October 10, 2021 - October 8, 2022

The employee's status as full-time or part-time, based on the measurement period, governs the employee's status for the subsequent stability period, even if the employee's hours change during the stability period. In order to comply with the federal PPACA (Patient Protection and Affordable Care Act), we are required to continue active health insurance for employees that have a status change from full-time to part-time during their stability period. Additionally, we are required to continue active insurance for employees who are terminated from a full-time position and rehired into a part-time position, which includes full-time employees who retire and are hired back as 120-day retirees, as long as they are rehired back within 13 weeks of their termination date.

Note: If the full-time employee declined health insurance when hired and then changed status to part-time, they are not eligible for insurance. Also, part-time employees age 65 and older are excluded from these regulations because they are eligible for Medicare.

Employees will automatically continue their coverage and will have 31 calendar days from the date of their status change to submit an enrollment change application to waive their health insurance coverage if they do not want to continue it as a part-time employee. They are considered to be eligible for everything that a full-time employee is eligible for (including basic life even when health insurance is waived), with the exception of pension contributions if they are a 120-day retiree. Also, 120-day retirees are eligible to make deferred compensation contributions but will not receive the state match. If they decide to keep their coverage, they will only be eligible to retain what they were actively enrolled in at the time of their status change and will not be eligible to make changes or add new coverage unless: 1) they have a qualifying event or 2) they retain eligibility and make changes through the Annual Enrollment period for the next year's coverage.

Any employee under age 65 that changes from full-time to part-time (or is terminated and rehired within 13 weeks) will be eligible to continue their active health insurance coverage through the remainder of their stability period and will be re-evaluated during the current measurement period. If they changed to part-time and still worked 30 or more hours per week on *average* during the measurement period, they will be eligible to continue insurance

through the next stability period (calendar year) as well. If they did not work 30 or more hours a week on *average*, their insurance would stop at the end of the current stability period.

- **Example 1:** An under 65 employee retires January 11th, 2021 and returns to work February 1st, 2021 as a 120-day retiree. Since the employee was full-time during the entire previous measurement period (10/6/19-10/3/20), they will be eligible to continue active health insurance through the remainder of their stability period (through 12/31/21). At the same time, they will be evaluated during the current measurement period (10/4/20-10/2/21). Since they retired early in the measurement period, they did not average 30 hours per week. Therefore, their active insurance would end on 12/31/21 and it would be a SQE to pick up retirement insurance if they are eligible.
- **Example 2:** An under 65 employee retires July 11th, 2021 and returns to work July 28th, 2021 as a 120-day retiree. Since the employee was full-time during the entire previous measurement period (10/6/19-10/3/20), they will be eligible to continue active health insurance through the remainder of their stability period (through 12/31/21). At the same time, they will be evaluated during the current measurement period (10/4/20-10/2/21). Since they retired later in the measurement period, they averaged working more than 30 hours per week. Therefore, they would be eligible to continue active health insurance throughout the following stability period as well (1/1/22-12/31/22).
- **Example 3:** An under 65 employee retires January 11th, 2021 and returns to work July 28th, 2021 as a 120-day retiree. Since the employee had more than a 13-week gap between the time they separated and the time they returned to work, they are considered a new employee and would not be eligible for insurance.
- **Example 4:** An employee changes from full-time to part-time on June 26th, 2021. They would be eligible to continue active health insurance through 12/31/21. If they work an *average* of 30 or more hours per week during the current measurement period (10/4/20-10/2/21), they will be eligible to continue active health insurance throughout the following stability period as well (1/1/22-12/31/22).

If an employee terminates and then is rehired, the length of time between the two dates will determine when they are eligible for coverage. If the employee terminates and is rehired within a calendar month, they will not have a gap in coverage and their insurance as a rehire would start the same date it ended when they terminated. If the employee has more than a one-calendar month gap of employment, their insurance will start back the first of the month following their rehire date.

- **Example 1:** An employee terminates on November 11th and is rehired on November 23rd; they would not have a gap in coverage.
- **Example 2:** An employee terminates on January 11th and is rehired April 1st. Their coverage would terminate on January 31st and would begin again on May 1st. If they are a retiree and are enrolled in retirement insurance upon termination, they would keep their retirement coverage until their active health insurance begins.

An employee that retires and is rehired back as a 120-day retiree may choose to either start their retirement insurance (if eligible) upon retirement or reinstate their active insurance and pick up their retirement coverage when they lose eligibility as an active employee. Even though they are eligible for retirement insurance, we are still required to offer them active employee insurance. If they elect insurance as an active employee, the same affordability guidelines will apply to them as all other active employees with insurance.

Your agency will continue to be billed 80% of the premium for any part-time employee including 120-day retirees that continues active health insurance coverage.

Any enrollment forms or documentation must be attached through Zendesk instead of uploaded directly in Edison to the attention of Peggy Birthrong.