WorxTime:
Managing Compliance under the Patient Protection and Affordable Care Act (ACA)

Agenda

- Final Free Rider Penalty Regulations
- WorxTime Overview
- Demonstration

Free Rider Penalty Regulations

This is only a brief summary that reflects our current understanding of select provisions of the law, often in the absence of regulations. All of the interpretations contained herein are subject to change as the appropriate agencies publish additional guidance.

Penalty may apply if:

- No coverage offered to full-time employees and dependents
- Coverage is “unaffordable” or “inadequate”
- Employee enrolls in Exchange coverage and qualifies for a federal premium tax credit

Transition relief

- Non-calendar year plans

- Large employer :
  - 50+ full time equivalent employees
  - Employers with 50-99 full-time equivalent employees required to comply by 2016 plan year
  - Members of a controlled group treated as single entity to determine "large employer"

Full-time employees

- Include common law employees
- Full-time is 30+ hours/week or 130+ hours/month
- Counting hours
  - Work and non-work time for which pay is due
  - Service records or use of equivalency
  - Aggregate across controlled group

Special rules for certain employees

- Students
- Bona fide volunteers
- Employees paid a stipend
- Leased employees

Look Back Measurement Period

- Used to calculate actual hours worked for variable hour and seasonal employees
- Measurement period may be 3-12 months
- Stability period must be as long as measurement and not less than 6 months
- Alternative: monthly measurement period

Special rules for educational institutions

- Apply if 4+ week break in service

- Two methods for determining full-time employees
  - Use "measurement period" excluding break
  - Treat employee as credited with hours for the employment break

- Includes anti-abuse rule

Final notes on counting hours worked

- Changes in employment

- Breaks in service
  - 26+ weeks
  - Rule of parity
  - Special unpaid leave

Penalty for failing to offer coverage

- 1/12th x $2,000 per month/per FTE (after first 80 employees in 2015, 30 employees thereafter)
- Must offer to “substantially all” FTEs
- Must offer to biological and adopted children through the end of the month in which the child turns age 26

Final notes on requirement to offer coverage or pay a penalty

- Requirement is to offer coverage
- Must provide opportunity to accept/opt out
- Payment grace period
- Coverage not required to be adequate or affordable

Penalty if available coverage is inadequate (or unavailable)

- 1/12th x $3,000 per month (per employee who qualifies for a premium tax credit)
- Inadequate: plan pays <60% allowable costs
- Unaffordable: employee pays >9.5% of household income for employee-only coverage

Household income safe harbors

- Employee's current W-2 wages
- Employee's monthly rate of salary
  - Hourly rate x 130 for hourly employees
- The federal poverty level for a single individual

Affordability examples

- Coverage is affordable
- Coverage is unaffordable
  - Enroll in coverage anyway
  - Enroll in spouse's plan
  - Enroll in Exchange

WorxTime Overview

WorxTime

- Assists employers in complying with the Free Rider Penalty requirements of the Affordable Care Act
- Monitors the “substantially all” and “affordability” requirements
- Reduces administration by tracking hours to see who meets the Affordable Care Act definition of a full-time employee
- Manages the risk of triggering costly penalties
- Manages ongoing employees as well as new hires
- Provides information to support decision-making

AF's Relationship with WorxTime

- AF began vetting software providers in the summer of 2013
- Began actively working with WorxTime in October, 2013
- AF's Health Care Consultants are actively involved in assuring software meets requirements of the Affordable Care Act **and** the specific needs of the education industry

Experience

- Created in January 2013 and revised as regulations have been issued
- Over 50 school districts clients on WorxTime representing over 38,000 employees
- Have worked with numerous payroll, HRIS, and benefit eligibility systems through implementation

Implementation

- Data uploads via comma delimited (CSV) or Excel files
- Customized to each employer's specific circumstances and data
- AF **and** WorxTime staff assigned to each client for implementation and ongoing support
- We work with you through every step of the process

Differentiators

- **Significant experience** with a variety of payroll, HRIS, and eligibility systems
- AF and WorxTime **team together** for implementation and ongoing support
- **Online access** – no licensing fees or additional hardware required
- Standard and custom **reporting capabilities**
- **Push alerts** notify employer before an employee would trigger a penalty

WorxTime Demonstration