
THE GROUP BENEFIT NEWS BULLETIN

Updated Guidelines Regarding Calculating Full-Time Employees of PPACA's Employer Mandate:

On December 28th, 2012, the IRS released updated guidelines regarding the proposed Employer Shared Responsibility provision (more commonly known as the "Employer Mandate") of PPACA. Starting in 2014, tax code Section 4980H, added by PPACA, will require Employers with at least 50 full-time employees, or the equivalent, (FTE) to offer "affordable" healthcare. Failure to offer healthcare that provides a minimum level of coverage will result in a financial penalty to Employers.

Under 4980H, an employee is considered full-time if they work at least 30 hours per week, and the proposed regulations "would treat 130 hours of service in a calendar month as the monthly equivalent of 30 hours of service per week".

Defining FTEs accurately is critical, so here is the formula:

- Based on a given month, all employees (including seasonal) who were not full-time employees for any month in the preceding calendar year are included in calculating the employer's FTEs for that month by:
 - 1) calculating the aggregate number of hours of service (but not more than 120 hours of service for any employee) for all employees who were not employed on average at least 30 hours of service per week for that month, and
 - 2) dividing the total hours of service in (1) above by 120.

Now a few important points to be aware of when calculating the actual hours:

- Hourly employees are based on actual hours of service from records of hours worked and hours for which payment is "made" or "due" for vacation, holiday, illness, incapacity (disability included), layoff, jury duty, military duty or leave of absence.
- Non-Hourly employees can be calculated via three methods:
 - 1) Actual hours as described above.
 - 2) Days Worked Equivalency method – employee credited with 8 hours per day worked.
 - 3) Weeks Worked Equivalency method- employee is credited for 40 hours per full week worked.

***CAUTION!!** Employers can utilize multiple methods...but not if it creates a substantially different FTE status.

As always, TBPG will continue to monitor all updates and keep you informed of any pertinent information. If you have any questions, please contact your TBPG representative.

The Benefit Planning Group
Our Knowledge is the Difference
770-916-1717

As always, this material is intended for informational purposes only and is not to serve as instruction or legal counsel.

