AFFORDABLE CARE ACT POLICY

PURPOSE
To establish the methods and delivery under the Affordable Care Act of Health Care Benefits for all employees.

SCOPE
This policy applies to all eligible employees.

POLICY
It is the policy of LADD to provide healthcare to employees meeting the definitions of full-time employment per the Affordable Care Act.

Definitions
Full Time Employee Status *(as it pertains to benefits eligibility means):*
Full time is classified as 130/hrs. per month average over a six month look back period. All hourly positions are hired as variable hour employees (see below). After the initial look back period, status is updated if they meet the eligibility of a full-time employee. In the rare event that a person is initially hired as full time, the requirement remains the same during the lookback period of the 130/hrs. per month average.
Variable Hour Employee Status
Variable hour is classified as anything under 130 hours per month average over a six-month look back period. If after the six-month look back period the employee is determined to meet the definition of full time they will be eligible for benefits after the 60-day administrative waiting period.
Measurement Methods LADD uses four types of measurement method/periods:

1. Initial
2. Standard
3. Stability
4. Administrative

Initial Measurement; used to track hours for newly-hired employees; this is accomplished using our electronic time and attendance system. This six-month measurement period applies to new employees and begins on date of hire or the first day of the next month.
Standard Measurement; occurs twice a year, June 1 – November 30, and December 1 – May31. It applies to ongoing employees.
Stability Measurement; tracks employees' hours of service once they meet full time eligibility and were offered benefits to validate continued eligibility. If the employee falls below full-time status requirements, the employee is notified that benefits will no longer be available to them, and their status is updated. This also occurs if the employee communicates that they will be reducing hours. A status form will be completed at that time.
Administrative Measurement; LADD has a 60-day Standard Administrative Period that will occur after the Standard Measurement Period and before the Standard Stability Period. The purpose of the Standard Administrative Period is to allow time to total and average the hours of service of each employee during the Standard Measurement Period, notify eligible employees, explain coverage available under the plan, answer questions, collect Benefit Election forms from employees, and enroll employees who elect coverage before day one of the Standard Stability Period.
Affordable Health Coverage: Group health coverage is considered "affordable" if an employee's share of the monthly cost for self-only coverage is not more than 9.69% of the employee's monthly income from the employer, or not more than 9.69% of the Federal Poverty Level for one. It is also required that the plan pays 60% of medical costs, and the participant does not pay more than 40% of the total allowed benefits under the plan. This amount does not include premiums. The plan that LADD offers meets these requirements.
Initial Stability Period
The Initial Stability Period is the period during which the employer must offer coverage to all newly-hired employees who worked on average at least 30 hours per week or 130 hours per month during the Initial Measurement Period. The employer must offer coverage regardless of the hours newly-hired employees actually work during the Initial Stability Period, unless they cease to be employed by the employer.

Newly Hired Employee Transitioning to Ongoing Employee
A new employee becomes an ongoing employee after they have been employed for at least one complete Standard Measurement Period. A newly hired employee' hours of service will be tracked during both an Initial Measurement Period plus a Standard Measurement Period before the employee is considered an ongoing employee. These two periods will overlap unless an employee's hire date also happens to be the first day of the Standard Initial Period.

Effective 2019, the federal government eliminated the penalty for not having health coverage if you are considered a full-time employee. LADD will however continue to offer eligible employees based on hours worked and the measurement periods above.

PROCEDURE

1. As an organization we are required by the National Affordable Care Act to monitor and measure each employee's hours beginning the 1st of the month at time of hire, and during our standard measurement periods (twice per year).
2. If an employee becomes eligible during one of the measurement periods, they will then have the opportunity to enroll in health benefits. The month an employee is hired does not count in the initial measurement period unless the employee was hired on the 1st of the month, and ending six (6) months later.
3. Employees, who have worked an average of 130 hours per month during the measurement periods, become eligible for Benefits. Employees are offered benefits that are effective sixty (60) days later; the 60-days are the Administrative Period. The employees next six months (referred to as the stability period), is the period of coverage or non-coverage. Simultaneously hours will continue to be monitored and measured for the next standard measurement period. At the end of each standard measurement period, LADD will offer coverage to those who qualify, or notify those who have not met the minimum of 130-hour average over the six (6) months that their coverage will be cancelled. This process continues throughout employment. The Human Resources Department is available to answer any questions on eligibility requirements.
4. The Human Resources Department notifies employees of their eligibility for insurance benefits. The employee is required to complete the Benefit Election Form and identify whether or not they want insurance benefits and return it to the Human Resources Department within two weeks. Even if an eligible employee does not wish to elect insurance coverage, they must still fill out a Benefit Election form indicating they do not wish to elect coverage.

Once elections have been made, eligible employees cannot change their benefit elections until open enrollment or a qualifying event occurs. Any qualifying event change needs to be completed within 30 days of the event i.e. marriage, birth, adoption, divorce, losing insurance coverage elsewhere. There is a pre-tax employee contribution for the health care insurance that will be deducted each pay period. The amount of the employee contribution varies based on the selection of insurance, single or dependent coverage, position and the geographic location. Employees can request a summary plan description from the Human Resource Department once they have been notified of eligibility.
LADD is bound by the rules and regulations under Federal Law Section 125. Under these rule employees can elect coverage only:

1. When they become eligible during the measurement period as noted above.
2. Within 30 days of a qualifying event (listed above) or;
3. On the first day of the plan (renewal) year if eligible.

Employees may not terminate or reduce participation in LADD sponsored group health plan if an employee has elected to pay for such coverage through the plan, unless they have a change in family status, including:

Marriage, divorce or death of a spouse or de pendent, the birth or adoption of a child, change from full-time status to part-time status or from part-time status to full-time status by an employee or their spouse, or; A significant change in the health coverage of the employee or their spouse that is a qualified status change, or; significant change in the cost of, or coverage under, the health plans.