

TOWN OF SUDBURY

POLICY AND PROCEDURES FOR HEALTH INSURANCE UNDER THE FEDERAL AFFORDABLE CARE ACT (ACA)

The Town of Sudbury is implementing this Policy and the following procedures in order to meet its obligations under the Patient Protection and Affordable Care Act (ACA). The Town is committed to being in full compliance with the ACA. The Town of Sudbury is categorized as a large employer under the ACA and may be subject to an Employer Shared Responsibility Payment (ESRP) if one of its full-time employees purchases health insurance through the Massachusetts Health Connector and receives a tax credit for that purchase. The following procedures are designed to ensure that the Town will avoid, or at least minimize, any liability for ESRPs.

Look-Back Measurement Method: Measurement, Administrative, and Stability Periods

Pursuant to the ACA, ongoing (current) Town of Sudbury employees who are employed for at least 130 hours of service per month must be offered Town-sponsored health insurance for themselves, their spouses, and dependents up to age 26, or the Town will be subject, potentially, to an ESRP. The Town of Sudbury shall employ a 12-month look-back measurement method to determine eligibility for all employees. This standard measurement period shall begin on January 1, 2015. After twelve months, Town of Sudbury shall have up to 3 months (the administrative period) to determine if any full-time employees (total hours divided by 12 must equal at least 130 hours) have not been offered Town-sponsored health insurance and to enroll (or disenroll) them if necessary. If there are any such employees, Town of Sudbury shall offer them Town-sponsored health insurance for the 12 months following the measurement period, or potentially be subject to an ESRP. This 12-month coverage is called the stability period. The number of hours an employee works during the stability period is relevant only in determining whether he/she will be eligible for Town-sponsored health insurance coverage in the next stability period. The measurement, administrative, and stability periods shall then repeat themselves on an ongoing basis.

The administrative period will be the same length for all employees and it will not serve to reduce or lengthen either the measurement or stability periods. To prevent gaps in health insurance coverage, the administrative period will overlap with the prior stability period during which time an employee's classification (full-time or part-time) will remain unchanged. When we hire a new employee who is expected to work on a full-time basis, we shall offer Town-sponsored health insurance upon initial employment. Once the employee has been employed by the Town of Sudbury for a full standard measurement period (the same period that applies to ongoing employees), he/she shall become an ongoing employee and be included in the normal look-back measurement cycle for determining eligibility.

For new employees expected to be variable hour, seasonal, and part-time employees, the Town of Sudbury shall track their hours of service using an initial measurement period of 12 months. The initial measurement period shall begin on the first day of the first calendar month following the employee's start date (or on the first day of the first payroll period starting on or after the employee's start date, if later). As with ongoing employees, an administrative period of up to 3 months shall be employed, along with a 12-month stability period. Once a new variable hour, seasonal, or part-time employee has been employed by Town of Sudbury for a full standard measurement period (the same period that applies to ongoing employees), he/she shall become an ongoing employee and be included in the normal look-back measurement cycle for determining eligibility.

Hours of Service and Periods of Time Not Included in 12-Month Calculation.

As mentioned previously, an employee must average at least 130 hours of service over a 12-month period to be entitled to Town-sponsored health insurance. The following categories of service count toward the 130 hour average: each hour worked for which an employee is paid; unpaid short scheduled breaks (not including unpaid lunch breaks of at least 30 minutes), paid time off due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty or leave of absence. Generally, unpaid time off will not count toward the 130 hours of service. Certain periods of unpaid time off will not be included when calculating the 12-month standard measurement period. These include: summer months for teachers and other school employees,

FMLA Leave, Military Leave, Jury Duty

For these special periods of unpaid time off, Town of Sudbury will determine the average hours during the measurement period, excluding the special unpaid leave period, and will use that average as the average for the entire measurement period.

Guidance

Should Town of Sudbury employees have any questions regarding this policy, please contact the Human Resources office at 978-639-3348 or HR@sudbury.ma.us.