

## PATIENT PROTECTION AND AFFORDABLE CARE ACT (PPACA)

The Patient Protection and Affordable Care Act (**PPACA**) commonly called the Affordable Care Act (ACA), is a United States federal statute signed into law by President Barack Obama on March 23, 2010.

- Last year's measurement period ran from 10/8/2023–10/5/2024.
- This year's measurement period is 10/6/2024-10/4/2025.
- The measurement period is based on a FLSA week (Sunday – Saturday). This is why the dates change from year to year.
- If a part-time or 120-day retiree works on average 30 hours or more a week within the defined measurement period, we are required to offer the employee active health coverage, effective January 1 of the following calendar year. If retiree waits 13 weeks from retirement to begin their 120-day appointment, they are considered a new hire for PPACA purposes, and their measurement period begins with their new rehire date.
- Part-time or 120-day retiree rehires who become eligible for health insurance under PPACA are also eligible for all other benefits programs available to full-time State employees (including flexible benefits and life insurance), 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 an employee becomes eligible for health insurance benefits under the PPACA: The employee must be offered health insurance (and all other optional products as well) and will have thirty (30) days to complete their enrollment form.

Example: If an employee becomes eligible under the PPACA for the current measurement period (10/6/2024 – 10/4/2025), we must notify the employee by December 1, 2025, of their eligibility; and, if the employee chooses to enroll, the effective date of coverage will be January 1, 2026. If an employee is eligible under the PPACA, they are entitled to the basic life insurance coverage at no cost to them and may choose to purchase additional coverage whether or not they enroll in medical insurance. A beneficiary will need to be designated by the employee for life insurance coverage.

- A paper enrollment form must be completed: [https://www.tn.gov/content/dam/tn/finance/fa-benefits/documents/1043\\_2021.pdf](https://www.tn.gov/content/dam/tn/finance/fa-benefits/documents/1043_2021.pdf)
- The paper enrollment form has a checkbox for PPACA eligible in the lower right corner of the form. Be sure to check this box.
- An enrollment form must be completed even if the employee declines the health insurance offer.
- All standard dependent verification documentation is required when an employee is enrolling due to eligibility under the PPACA.

### **Importance of Maintaining Documentation for Employees Waiving Health Coverage**

**If you have employees who waive coverage via paper enrollment form, you must submit these forms to Benefits Administration through the Agency Benefits Coordinator (ABC). These forms must be maintained on file for two (2) reasons:**

1. The IRS may conduct an audit - BA is required to maintain these forms on file as proof that the eligible employee was offered coverage. If the employee waives coverage and then attempts to purchase it on the Exchange and he or she states health coverage was never offered by their employer, this completed enrollment form provides proof that the coverage was offered.
2. If an employee states after their initial enrollment period that he/she was not offered coverage or that he/she signed up for coverage but was not enrolled, BA will have a copy of the waiver form to assist in the determination for an appeal or audit outcome.

## **PPACA Full-time to Part-time**

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.

Stability period equals 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 6, 2024 - October 4, 2025

Administrative period 1: October 6, 2024 - December 31, 2025

Stability period 1: January 1, 2025 - December 31, 2025

Measurement period 2: October 6, 2024 – October 4, 2025

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, 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.

If an employee decides 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.

Example: An employee changes from full-time to part-time on June 26th, 2025. They would be eligible to continue active health insurance through 12/31/25. If they work an average of 30 or more hours per week during the current measurement period (10/6/2024 - 10/4/25), they will be eligible to continue active health insurance throughout the following stability period as well (1/1/25-12/31/25).

If an employee terminates and then is rehired, the length of time between the two dates will determine when they are eligible for coverage. The 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.