

**Affordable Care Act (ACA) Policy
Summary of work done by the SMC ACA committee**

In reviewing the ACA and what impact it will have on SMC, the committee determined that the College, as an employer, is required to develop a method of tracking the hours worked by its employees to identify part time employees who might trigger eligibility for benefits under the new law. The committee analyzed the College's work force and came to the following conclusions/recommendations.

Benefits Eligible employees:

The committee reviewed the benefits provided to benefits eligible employees and the copayments required by employees to access the benefits. They found the College to be in full compliance with the guidelines of the ACA.

Variable Hour Employees:

Hourly employees submit timesheets, so there is a good way to track the hours that they worked. Should an employee work more than an average of 30 hours per week, or 1,560 hours in a year, they would become eligible for benefits under the ACA. At SMC, when an hourly employee works 1,000 hours in a year, they trigger eligibility into our 403(b) defined contribution retirement plan administered by TIAA CREF. When they work 20 hours per week, or 1,040 hours they become eligible to access the medical, dental and vision benefits on a pro rated basis. The committee recommends that the threshold for eligibility to the medical, dental and vision be increased to 1,560 hours per year to better align with the ACA guidelines and to minimize the redundancy in administering these benefits for this small population. A summary of the impact of this recommendation can be found on Exhibit A.

It was also determined that the method of identifying and monitoring these employees should be improved and agreed that the "look back" period should be on the College's fiscal year (July-June). It was agreed that Payroll should develop a report that could be run periodically and reviewed by HR for determination of eligibility for the Retirement benefit as well as medical, dental and vision coverage under ACA for the variable hour employees.

The look back evaluation will be done as of June 30 each year. If the employee satisfies the minimum threshold of 1,560 hours during the FYE, then the College would offer full medical, dental and vision insurance benefits to the employee by July 31 effective for the next 12 months. If the employee does not continue their work at the College, then the College does not have to offer them the benefits.

Part Time Faculty:

The ACA allows for a Safe Harbor rule to use course equivalency to determine eligibility for benefits, since it is not practical to have faculty submit timesheets. In the committee's

review of the safe harbor, it was concluded that the College's current process of offering a faculty member benefits when they taught 5 courses in an academic year would meet the requirements under the law. The health insurance would be 100% instead of pro-rated, and the Committee recommends that the College would offer medical, dental, and vision insurance at 100%. An estimated cost of this recommendation is located on Exhibit A.

The committee also identified additional compensation that is paid to part time faculty for tasks outside of teaching a course, and realized that, under the new ACA law, the College would have to develop some method of tracking and measuring this work for the purposes of determining course equivalency to apply to the above stated formula for eligibility of benefits. Following the guidance of the ACA, the committee determined that 126 hours would equal a course. Stipend forms will now include the number of hours the stipend represents, and this information will be entered into the payroll system so that a report can be generated on the hours paid with stipends.

The look back evaluation will be done as of June 30 each year. If the Employee satisfies the minimum threshold of 5 courses during the FYE, then the College would offer full medical, dental and vision insurance benefits to the employee by July 31 effective for the next 12 months. If the employee does not continue their work at the College, then the College does not have to offer them the benefits.

Student workers:

Student workers track their time on time sheets, so the College is able to identify those student workers that might become eligible for benefits under the ACA. As previously stated, the committee chose the look back period to be the College's fiscal year.

The Federal Work Study (FWS) Program was exempted from the Law. The committee discussed the possibility of recommending that all student workers follow the FWS program guidelines, so that they, too, would be exempt from the ACA. It was determined that the College might not be able to get the non FWS program exempt by virtue of mirroring the FWS program and it was discovered that there are a number of students who earn wages in both the FWS and non FWS programs.

Consequently, the committee concluded that a report should be developed that would show accumulated hours to date (for all positions worked), as well as a detail of hours worked by pay period in an effort to assist department supervisors in managing student worker time. This report will be generated and circulated monthly. Generally, there is no change in the current practice of having students work no more than 20 hours per week while the College is in session, with increased hours (if necessary) during breaks. The reports should enable the supervisors/department heads to ensure the annual hours worked by the students is well below the ACA eligibility guidelines of 1,560 per year or an average of 30 hours per week.