ACA Glossary

Administrative Period

Under the look-back measurement method, employers can elect to add an administrative period of up to 90 days after an employee’s measurement period and before the employee’s stability period begins. Employers can use this administrative period to compile the hours data gathered during the measurement period. This period also includes any days between a new employee’s start date and the beginning of the initial measurement period.

Full-time Employee

An employee who is employed on average at least 30 hours of service per week or alternatively, 130 hours in a calendar month, using either the monthly or look-back measurement method to determine an employee’s hours.

Hours of Service

Each hour for which an employee is paid, or entitled to payment, for the performance of duties for the employer; plus, each hour for which an employee is paid, or entitled to payment by the employer for a period of time during which no duties are performed due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty or leave of absence. (Generally: Hours worked plus paid time off)

*Note: Special types of unpaid leave may be considered hours of service (i.e. jury duty, USERRA, FMLA).

Measurement Period

The measurement period is the span of months during which an employee’s hours of service are measured using the Look-back method to determine whether that employee qualifies as full-time.

- **Standard Measurement Period.** A standard measurement period, which can run from three to 12 months applies to ongoing employees. Anyone employed for at least one complete standard measurement period is an ongoing employee.
- **Initial Measurement Period.** An initial measurement period may be used to measure the hours of a new employee who either has a seasonal job or is not reasonably expected at hire to average 30 or more hours of service a week. Like the standard measurement period, an initial measurement period can run from three to 12 months.
**Large Employer (Applicable Larger Employer or “ALE”)**

Entities with 50 or more full-time and full-time equivalent (FTE), employees in a preceding calendar year. Large Employers are subject to the requirements and penalties of the Employer Shared Responsibility provisions.

**Look-Back Method**

This method identifies full-time employees in a current employment period (called the stability period) based on hours measured in a prior employment period (called the measurement period). This method averages hours over the duration of the measurement period rather than counting them separately for each month. Ongoing employees, and new hires or rehires who are students or seasonal employees, have the look back method applied to them. If an employee changes from an ACA part time position and expected to be ACA full time position during an initial evaluation period, the employee changes from the look back to the monthly measurement method (See Monthly Measurement).

**Minimum Essential Coverage**

Minimum Essential Coverage (MEC) means health insurance deemed sufficient by the Department of Health and Human Services and may include:

- Coverage under an eligible employer-sponsored plan -- group health insurance, or a self-insured group health plan;
- Government sponsored programs such as Medicare, Medicaid etc.;
- Other coverage as recognized by HHS.

**Monthly Method**

A method under which employers determine the status of each employee as full-time by counting the employee’s hours of service for each calendar month. The monthly method is for new hires or rehires who are expected to average 30 hours or more per week. After a monthly employee completes a standard measurement period he becomes an ongoing employee and has the look back method (See Look-Back Method).

**Non-Assessment Period**

A non-assessment period is the time at the start of employment before an employee has an eligibility status. The month of hire is a non-assessment period for monthly measured employees, and the initial evaluation period is a non-assessment period for employees with the look back method. The waiting period for GIC coverage is also a non-assessment period. It falls under the time period of not having an eligibility status, but it goes beyond the month of hire depending on when the employee deductions start being processed in payroll.

**Ongoing Employee**

An employee employed through one completed standard measurement period.

**Part-time Employee**

All employees not employed full-time (30 hours per week or 130 hours per month).

**Rehire**
An employee who has 26 consecutive weeks without working any ACA eligible hours will be treated as a new hire. Employees who leave service and return in less than 26 weeks will have the status they had at the time of separation.

**Seasonal Employee**

Under the look-back method for measuring and employees full time status; as seasonal employee is someone who customarily works for no more than six months a year in a position where the work begins at approximately the same time each year. In unusual circumstances, a seasonal employee may work for a brief period beyond six months.

**Stability Period**

For employers using the look-back method of measuring employee’s full-time status, the stability period follows the associated measurement and administrative periods.

- **Standard stability period.** Ongoing employees who qualify for full-time status under these rules during a standard measurement period are, for play-or-pay purposes, deemed full-time during the subsequent standard stability period, which must last at least six months or, if longer, the length of the standard measurement period.
- **Initial stability period.** An initial stability period follows the initial measurement period, which is used to measure the full-time status of new employees not reasonably expected to average 30 or more hours of service a week at hire. (Part-time and variable-hour employees may commonly end up in initial stability periods; seasonal employees who remain employed also may do so).

**Variable Hour Employee**

If the employer cannot reasonably predict at the hire whether the employee is reasonably expected to be employed on average at least 30 hours of service per week during the initial measurement period, that worker is considered a variable-hour employee.