

<b>System-wide Policy:</b>	
<b>FI0920 - Patient Protection And Affordable Care Act</b>	
<b>Version: 2</b>	<b>Effective Date: 10/01/2017</b>

## FI0920 – Patient Protection and Affordable Care Act

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### Objective:

The purpose of this policy is to provide guidance to university departments in complying with the Patient Protection and Affordable Care Act (ACA). The Act requires the university to offer health insurance to all employees, including temporary and student employees, who work 75% time or greater. The Act provides methods for calculating an employee’s percent of effort, time that this effort must be measured and the length of time that insurance must be provided.

### Policy:

#### Definition

The ACA is federal health care legislation that requires the university to extend health care coverage to all eligible employees. Failure to comply with the law may result in fines and penalties.

#### Eligibility

1. Currently the university offers health insurance to all regular employees who are working 75% time or greater. Starting January 1, 2015, all paid employees (i.e., regular, temporary and students) scheduled to work more than 75% time on their

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hire date will be offered insurance. The percent of effort recorded in the data field “Employment Percent” in the accounting system, will be used for determining eligibility when an employee is hired.

2. For non-exempt employees not initially offered insurance, the university will review actual hours paid and recorded in the accounting system to determine if they have worked 75% time or more over the measurement period of eleven months. For exempt employees, the university will review the employment percent recorded in the accounting system to determine if they have reached 75% or more over the eleven month measurement period. Time worked, as well as annual leave, sick leave, paid holidays, jury duty, military duty and approved leaves of absences are all counted towards the employee’s effort.
3. Student health insurance coverage will continue to be available to all University of Tennessee students, regardless of whether or not they are employed by the university. If a student employee is working 75% time or greater, however, they are also eligible for employee health insurance coverage.

### Percent of Effort

4. The percent of effort initially recorded in the accounting system must be based on planned time to be worked over an eleven month period starting with the employee’s initial hire date. An employee expected to work at least 40 hours per week over the next eleven months would have an effort of 100%, whereas an employee expected to work 30 hours per week over the next eleven months would have an effort of 75% (30 hours /40 hours). If an employee’s percent of effort changes, their “Employment Percent” in the accounting system should be adjusted.
5. If an employee’s percent of effort is less than 75 percent on their initial hire date and the number of hours an employee will work cannot be determined at the time of hire, the employee is considered a “variable hour employee” and the percent of effort will be determined over the eleven month period from their hire date using one of the methods described in section 9 below.

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6. The employee's department head is responsible for ensuring that the "Employment Percent" of effort in the accounting system is correct. If an employee is working for two or more departments, the department with the responsible cost center is tasked with making sure the percent of effort entered in the accounting system accurately reflects the total time being worked by the employee on behalf of the university.

### Measurement Period

7. The university will use the initial eleven month measurement period beginning the first day of the month after their hire date
8. After the initial measurement period, the university will use a twelve month standard measurement period from November 1 to October 31. This measurement period may overlap with an employee's initial eleven month measurement period but after the first year of employment, employees will be measured using the twelve month period November 1 through October 31.

### Methods for Calculating the Percent of

Effort[https://policy.tennessee.edu/fiscal\\_policy/fi0920/](https://policy.tennessee.edu/fiscal_policy/fi0920/) - top

9. The campus/institute is responsible for determining the method that works best to determine the percent of effort for the various employees in its area. The campus/institute must, however, consistently use the same method for similarly situated employees. For example, the method used for seasonal employees might be different from the method used for exempt employees. The method selected for each group, however, must be reasonable and must be applied consistently to all employees in that group. If questions arise regarding the most appropriate method, the campus human resources office should review and approve a method. Questions regarding these methods can also be directed to the system administration payroll office. One of the following methods must be used for calculating an employee's percent of effort:
  - **Actual Hours of Service** – If the scheduled/planned hours for the employee over the next eleven months are known and expected to be

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consistent over that eleven month period, those hours should be used for recording the employee's percent of effort. For example, if the employee is scheduled to work 20 hours a week for the next eleven months, the percent of effort would be 50 (20 hours /40 hours). If an employee's schedule changes significantly, their new percent of effort should be entered into the accounting system at the time of the change. This new percent of effort will be factored into the next measurement period to determine if they are eligible for insurance. For example, if an employee worked 40 hours a week during the first five months of the measurement period and then worked 20 hours during the next five months of the measurement period, they would have averaged 30 hours per week over the measurement period and would be considered eligible for insurance.

- **Days-worked equivalency** – Under this method, an employee would be credited with eight hours of service for each day worked, regardless of the number of hours actually worked on that day. This method would be desirable for employees who are paid a fixed amount for tasks that are infrequent and where it is difficult to measure actual hours worked. For example, if an employee is hired to work on a project for four hours on ten different days over a ten month period, the employee would be credited for eight hours on each of the ten days for the purposes of calculating the percent of effort. Thus, the percent of effort would be 80 hours/1,733 hours (the number of working hours in a ten month period) or 5%. This method, however, cannot be used in a manner that would substantially understate an employee's percent of effort. For example, if an employee generally works three 10-hour days per week but the days-worked equivalence method would understate their hours as 24, this method should not be used, and the actual hours of service method should be selected.
- **Weeks-worked equivalency** – Under this method an employee would be credited with 40 hours of service per week for every week in which some work was performed. This method would be desirable for camp workers or employees hired to work an event that will last several weeks. For

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example, if a camp worker is hired to work a four and a half week camp, then 200 hours (5 weeks x 40 hours) would be used for determining their percent of effort. The percent would be 12 percent (200 hours /1,733 hours).

- **Adjunct Faculty** – For clinical and research adjunct faculty, one of the methods described above should be used and their percent of effort should be based upon hours worked. For adjunct faculty who primarily teach, their percent of effort should be based on the required workload for a full-time, non-tenure track teaching faculty member at that campus. For example, if full-time, non-tenure track faculty are expected to teach 12 credit hours during each of the Fall and Spring semesters, an adjunct who teaches 18 credit hours during these two semesters would have a percent of effort of 75% (18/24) and would be eligible for coverage. Employees would be required to be given credit for any work during traditional academic year breaks (summer, winter, spring). Thus, adjunct faculty would receive additional credit for any classes taught during the summer, mini breaks or other periods where full-time faculty are not expected to teach or receive additional pay for teaching during these periods. In the example above, if the adjunct faculty taught 3 credit hours during the summer semester, the percent of effort would be 88% (21/24). For purposes of the measurement period, if a semester starts during an employee’s measurement period, their effort for that entire semester should be included. Since the initial measurement period is eleven months and the subsequent measurement period is twelve months, it would never exceed more than one academic year including the traditional breaks during that period.

### Enrollment

10. After it is determined that an employee qualifies for health insurance coverage, enrollment information will be sent, and the employee will have 30 days from receipt of the enrollment information to complete the enrollment process.

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### Stability Period

11. The stability period is the period of time the insurance coverage is in effect, once the employee is determined eligible by the University and the employee accepts coverage. The stability period must be at least eleven months from the effective date of the insurance policy regardless of the percent of effort worked by the employee during that period. At the end of the stability period, the employee's effort may be reevaluated to determine if the employee is still eligible.

### Appeals

12. If an employee believes that he or she has been improperly denied the option to enroll in the university's health insurance coverage, the employee may contact the campus/institute human resources office or the system payroll office and the employee's circumstances will be reviewed by them.

### Procedures

To view links to campus policies and procedures, click here:

<https://policy.tennessee.edu/campus-policies-procedures/>

**Contact** [https://policy.tennessee.edu/fiscal\\_policy/fi0920/](https://policy.tennessee.edu/fiscal_policy/fi0920/) - top

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