

LOOK BACK MEASUREMENT METHOD

for Ongoing and New Variable-Hour Employees

ONGOING EMPLOYEES

CRITERION	PARAMETERS
Standard Measurement Period	<ul style="list-style-type: none">» At least three and not more than 12 consecutive calendar months.» Employer can choose the months when the standard measurement period starts and ends, such as the calendar year, plan year, or the period ending just before open enrollment starts.» Different ALE members can have different standard measurement periods, but within ALE members, standard measurement periods must be uniform for all employees in same category. There are four permissible categories: collectively bargained and non-collectively bargained employees, employees covered by different collective-bargaining agreements, salaried or hourly employees, and primary places of employment in different states.
Stability Period	<ul style="list-style-type: none">» If the employee averages at least 30 hours per week in the standard measurement period, the stability period begins immediately after the end of the standard measurement period (and any applicable administrative period) and is the longer of:<ul style="list-style-type: none">» Six consecutive calendar months» The length of the standard measurement period» If the employee does not average at least 30 hours per week in the standard measurement period, the stability period must begin immediately after the end of the standard measurement period (and any applicable administrative period) and cannot be longer than the standard measurement period.
Change in Employment Status	<p>If an ongoing employee's employment status changes before the end of a stability period, the change will not affect the classification of the employee as a full-time employee (or not a full-time employee) for the remaining portion of the stability period.* However, if the employee transfers to a position that would have been considered part-time if the employee had originally been hired into that position, the employer may switch to the monthly measurement period for the transferred employee starting with the first day of the fourth full calendar month following the calendar month of transfer, but only if (1) the employee actually averages less than 30 hours per week for each of the three full calendar months after the transfer; and (2) the employer has continuously offered minimum-value coverage to the employee starting no later than the first day of the calendar month after the employee's first three calendar months of employment through the calendar month in which the transfer occurs.</p>
Administrative Period	<p>Up to 90 days. To prevent the administrative period from creating a gap in coverage, the administrative period must overlap with the prior stability period (that is, full-time employees enrolled in coverage based on a prior measurement period must continue to be covered through the administrative period connected to a more recent measurement period). Administrative periods may differ in length according to the same categories of employees for whom different standard measurement periods are permitted.</p>

NEW VARIABLE-HOUR EMPLOYEES

CRITERION	PARAMETERS
Initial Measurement Period	<ul style="list-style-type: none"> » At least 3 and not more than 12 consecutive calendar months beginning on any date between the employee's start date and first day of the first calendar month after the start date » Each ALE member may use a different measurement period, but within ALE members, these must be uniform for all employees in same category. There are four permissible categories: collectively bargained and non-collectively bargained employees, employees covered by different collective-bargaining agreements, salaried or hourly employees, and primary places of employment in different states
Stability Period	<ul style="list-style-type: none"> » The stability period must be the same length as for ongoing employees. » If the employee averages at least 30 hours per week in the initial measurement period, the stability period begins immediately after the end of the initial measurement period and any associated administrative period and is the longer of: <ul style="list-style-type: none"> » Six consecutive calendar months, or » The length of the initial measurement period. » If the employee does not average at least 30 hours per week in the initial measurement period, the stability period cannot be more than one month longer than the initial measurement period and must not exceed the remainder of the standard measurement period (plus any associated administrative period) in which the initial measurement period ends.
Change in Employment Status	<p>If the employment position or employment status of a new variable-hour or seasonal employee materially changes before the end of the initial measurement period in such a way that, if the employee had begun employment in the new position or status, the employee reasonably would have been expected to average at least 30 hours of service per week (i.e., would not have been treated as a variable-hour employee), the ALE will not be subject to Code § 4980H(a) penalties for the three full calendar months after the change in employment status if the employee is otherwise eligible for coverage under the ALE's plan during this period (subject only to completion of the waiting period) and is actually offered coverage no later than:</p> <ul style="list-style-type: none"> » the first day of the fourth month following the change in employment status, or » if earlier and the employee averages at least 30 hours of service per week during the initial measurement period, the first day of the first month following the end of the initial measurement period (including any optional administrative period associated with the initial measurement period).
Administrative Period	<p>Up to 90 days, subject to the following:</p> <ul style="list-style-type: none"> » Includes all periods from the start date to the date coverage starts under the plan, except for the initial measurement period. » In combination with the initial measurement period, cannot extend past the last day of the first calendar month that begins on or after the one-year anniversary of the employee's start date.

Since hours are commonly counted during payroll periods and since payroll periods may not correspond to calendar months, the regulations include a special rule to align measurement periods with payroll periods for employers using one-week, two-week, or semi-monthly payroll periods. The rule allows the employer to exclude the portion of a payroll period otherwise falling within the standard measurement period, but only if the employer includes the portion of a payroll period otherwise falling outside the standard measurement period. For example, if the employer uses a calendar-year standard measurement period, it can exclude the entire payroll period that includes January 1, Year 1, but only if it includes the entire payroll period that includes, and extends beyond, December 31, Year 1 into January of Year 2. Or the employer could exclude the entire payroll period that includes December 31, Year 2, but only if it includes the entire payroll period that includes January 1, Year 2 (which, by definition, will include a portion of December, Year 1).