ACA BREAK-IN-SERVICE RULES

CALCULATING AVERAGE HOURS WORKED
WHEN THERE IS A BREAK PERIOD WITH UNPAID TIME

BACKGROUND

Effective January 1, 2015, the Patient Protection and Affordable Care Act (ACA) requires large employers such as UA to offer health insurance benefits to any employee averaging 30 work hours or more per week. Most UA employees working 30 or more hours per week are already offered benefits. Several types of employees are however not currently benefits-eligible, including ancillary staff, graduate assistants/associates and student workers. It is very important to monitor the hours all non-benefits-eligible employees work per week, to ensure that they do not reach the 30-hour per week threshold.

Under ACA regulations, if an employee averages 30 hours per week during a 12-month “look back” measurement period, he or she is eligible for health insurance. For more information on the measurement period, visit http://www.hr.arizona.edu/affordable-care-act/tools/.

CALCULATING THE AVERAGE

Whenever an employee is receiving pay and hours are being reported, those hours must be included in the average calculation. This includes not only work hours but any paid leave time, such as vacation leave, sick leave, paid administrative leave (e.g., jury duty), parental leave or compassionate transfer of leave.

If an employee is working continuously during the measurement period, calculating the average hours worked per week is straightforward: total all the hours worked in the 12-month measurement period and divide it by the total number of weeks worked (52 weeks), treating any paid time off as hours worked.

However, this procedure only applies if there are no break periods. A “break period” is any time during the measurement period when an employee does not receive pay. The employee may have zero work hours, be on a short work break, or be terminated.

The break period may directly influence the average hours worked per week calculation.

<table>
<thead>
<tr>
<th>Type of Break</th>
<th>Impact on Calculating Average Hours Worked</th>
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<tbody>
<tr>
<td>Unpaid time lasting less than four consecutive weeks</td>
<td>The weeks with zero hours reported are included in the average calculation.</td>
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</table>
### Unpaid time lasting from 4 to 26 consecutive weeks

The weeks with zero hours reported are not included in the average calculation. Therefore, the average will be calculated using fewer than 52 weeks. The employee continues in the same measurement period he/she was in when the break started.

### Unpaid time lasting more than 26 consecutive weeks

On returning to work, the employee can be treated as a new hire with a new 12-month measurement period that begins the first day of the month following the rehire date.

### Unpaid Family and Medical Leave (FML) and unpaid USERRA (military) leave

These weeks are not included in the average calculation. Therefore, the average will be calculated using fewer than 52 weeks.

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**EXAMPLES**

**Employee worked and reported hours for 16 weeks, had 2 consecutive weeks without paid time, worked for 23 weeks and then had 1 week without paid time**

Because the employee did not have four consecutive weeks of unpaid time, all weeks are included when calculating the average hours worked during the measurement period.

Average hours worked: Total hours / 52 weeks

**Employee worked for 16 weeks, terminated employment for 12 weeks, was rehired, then worked another 24 weeks**

Because the break period is greater than 4 consecutive weeks but less than 26 weeks, the 12-week break period cannot be included when calculating the average hours worked during the measurement period.

Average hours worked: Total hours / 40 weeks

**Employee worked for 20 weeks, terminated employment for 28 weeks, then was rehired**

Because the break period is greater than 26 weeks, the employee is treated as a new hire for measurement purposes and begins a new 12-month measurement period starting from the first day of the month following the rehire. The weeks worked prior to the termination are not considered.

No calculation for this measurement period

**Employee worked for 15 weeks, was on unpaid Family and Medical Leave for 3 weeks, then worked for 34 weeks**

Family and Medical Leave is considered a special type of unpaid leave. Therefore, the calculation is based only on the weeks the employee actually worked.

Average hours worked: Total hours / 49 weeks

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