ADP TotalSource®

Employer Shared Responsibility
Look-Back Measurement Method

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What is the look-back measurement method?

To stay compliant with the employer shared responsibility provisions of the Affordable Care Act (ACA), you must determine which of your employees are full-time. This overview will explore the look-back measurement method— an optional, IRS-approved method for determining whether employees with varying hours and/or seasonal schedules are full-time and eligible for offers of coverage.

The look-back measurement method allows an employer to determine the full-time status of an employee during a *future* period based on the employee's average hours of service during a prior, or "look-back" period, which lasts 6-12 months. Under the employer shared responsibility provisions, employees are considered full-time if they average at least 30 hours per week, or 130 hours per month.

Could I benefit from using the look-back measurement method?

You may wish to use the look-back measurement method if your employees have unpredictable work schedules, work varying hours from month to month, or are seasonal employees who work less than 6 months per year. For example, a ski lodge that hires employees to work during the snowy winter months may benefit from using the look-back measurement method.

You may not wish to use the look-back measurement method if your workforce consists mostly of employees who work 30 or more hours per week with steady work schedules. For example, a software development company that is largely comprised of exempt (salaried) employees who are all offered employer health insurance might not benefit from using the look-back measurement method.

Additional information

Our team of compliance experts can help you set up and administer a new look-back measurement method program or manage an existing program.

Note: this overview does not cover all of the details and guidelines of the look-back measurement method. ADP TotalSource® has developed this summary for informational purposes only. It was not designed to replace consultation with a legal or tax advisor.

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