



Designating ACA Benefit Status – New Hires

Because the Affordable Care Act has a different definition of “full-time” than most employers, TotalSource systems store both the employer’s and the ACA’s status for your employees: the ACA Benefit Offering Status. An ACA Benefit Offering Status of “full-time” means that the employee qualifies for an offer of coverage under the ACA’s benefit offering rules. **An IRS 1095-C form will be generated only for employees who:**

- Having a Stability Period and associated ACA Benefit Status *calculated* after the end of a Lookback Measurement Period, OR;
- Having a “Designated FT” ACA Benefit Status

Below are actions you will need to take when hiring new employees to ensure that accurate IRS Form(s) 1094-C and 1095-C are generated for each reporting year.

ACTION NEEDED:

- For new hires that, as of their start date, are reasonably expected to work on average 130 hours or more per month (30 hours per week), please select the ACA Benefit Status of “**Designate Full Time**” in the Employment section of the New Hire Wizard. These employees are typically offered health coverage.

2 Employment
Entered by: ADP Support, User on 12/05/2022

File # * 795592 Position ID * 24G795592

Job Title * DIRECTOR - Director Employee Status * Active

Worker Category * F - Full Time Reports To * Dana, Thomas 24G601513

Benefits Eligibility Class * A - Full Time Staff

Location * DET - Detroit

ACA Benefit Status *
☐ Calculate Using Measurement Periods
☒ Designate Full Time

Example ACA Benefit Status selection for a newly hired employee who will be offered coverage.

- For **Variable Hour** new hires, which are employees that as of their start date, are not expected to average at least 130 hours worked per month (30 hours per week), or if it cannot be determined as of their start date whether the employee is reasonably expected to work on average at least 130 hours per month, please select the “not eligible” benefit class and an ACA Benefit Status of “**Calculate Using Measurement Periods**”.

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- For **Seasonal** new hires, which are employees hired into a position for which the customary annual employment is six months or less and for which the period of employment begins each calendar year in approximately the same part of the year, such as summer or winter, please select the appropriate Benefits Eligibility Class (typically one that is not eligible) and an ACA Benefit Status of **"Calculate Using Measurement Periods"**.

2 Employment

Entered by: ADP Support, User on 12/05/2022 12:00

File # *

795592

Job Title *

DRIVER - Driver

Worker Category *

P - Part Time

Benefits Eligibility Class *

9 - Not Eligible

Location *

DET - Detroit

Position ID *

24G795592

Employee Status *

Active

Reports To *

Bishop, John 24G795427

ACA Benefit Status *

☒ Calculate Using Measurement Periods
 ☐ Designate Full Time

Example ACA Benefit Status selection for a newly hired employee NOT offered coverage.

IMPORTANT NOTES:

- Should you select "Calculate Using Measurement Periods" for a Full-Time Employee, a **1095-C Form will not generate appropriately** for the current reporting year, exposing your company to possible penalties for failing to report, unless you manually add the form in the IRS and State Reporting Tool at the end of the year.
- If you are aware of any Full-Time new hires that were previously set up this year to "Calculate" their status, you may change their ACA Status to a Designated FT employee, using their original hire date in their ACA Benefit Status Screen: People > ACA > ACA Information.
- Employees that are "Designated FT" will not be measured in a Lookback Measurement Period. Should the employee's permanent employment status change to PT or Variable Hour in the future, you need to update their ACA Benefit Status determination method to begin using measurement periods to "calculate" the status in their ACA Benefit Status Screen: People > ACA > ACA Information.