

## AFFORDABLE CARE ACT ELIGIBILITY

### Summary

The Affordable Care Act (ACA) is the health care reform legislation signed into law in 2010. Among many provisions, the ACA provides individuals and families the option of obtaining minimum essential health coverage or paying tax penalties. Health coverage can be obtained from employers, health care insurance companies, government agencies (Medicare, Medicaid, CHIP), or the Health Insurance Marketplace at [www.healthcare.gov](http://www.healthcare.gov).

The ACA provides employers the option of offering affordable, minimum value, minimum essential coverage to full-time employees and their eligible dependents (children up to age 26) or paying penalties. For companies such as Kelly Services, the ACA's employer mandate to offer health care coverage to eligible employees or pay penalties became effective January 1, 2015. Kelly Services offers an ACA-compliant health care coverage option (the ACA Plan) to eligible Kelly employees and their eligible dependents. If the offer of coverage is accepted by the employee by the enrollment deadline, coverage starts no later than 90 days from the employee's eligibility date.

### Eligibility Requirements

Kelly recognizes that many of its employees work on assignments of differing lengths, have hours that fluctuate week to week, or have work schedules that are otherwise uncertain. Kelly also recognizes that many employees may decide not to accept an assignment for a variety of reasons, such as planned time off, commute time, or looking for an opportunity in a different field. Employees may also have gaps of varying lengths in between assignments or in employment with Kelly.

For these reasons, Kelly determines an employee's ACA eligibility, or in other words, eligibility for Kelly's ACA Plan, based on an employee's hours of service for Kelly by using a measurement ("look back") period, as defined under the ACA. Kelly's Benefits department will monitor employees' hours of service and determine employees' initial and ongoing eligibility for Kelly's ACA Plan.

In order to be eligible for the ACA Plan, you must meet all the following minimum criteria:

- You must live in the U.S. and must work for Kelly in the U.S.
- Your Kelly hours of service at the end of the applicable measurement period must meet the minimum eligibility criteria. Based on the rules under the ACA, a new variable hour, seasonal, or part-time employee must have 1,430 hours of service during the employee's initial measurement period, while an ongoing employee must have 1,560 hours of service during Kelly's standard measurement period.

Based on the above and other factors, certain Kelly employees may become eligible for the ACA Plan before they complete the required hours of service.

Employees who do not meet the hours of service requirements for their measurement period will not be eligible for coverage in the corresponding stability period.

Periods of time where you do not perform any work may affect your eligibility for coverage under the ACA. **Be sure to notify your Kelly representative as soon as you know you may be away from work and the reason for your absence. Also, within 48 hours of completion of each assignment, please notify your Kelly representative of your availability for work.**

### For More Information

This page only summarizes the eligibility requirements for the ACA Plan. For more information, including information about the effective dates of health care coverage under the ACA Plan, please contact Kelly's Benefits department at 1-800-376-4964 or [benefitstemp@kellyservices.com](mailto:benefitstemp@kellyservices.com).

# APPENDIX A: GLOSSARY OF TERMS FOR ACA ELIGIBILITY

- *Below are terms commonly used to explain ACA eligibility in general, and those used in Kelly's summary description of ACA Eligibility.*

## **Administrative Period**

The period of time between the end of a measurement period and the start of the associated stability period.

## **Affordable Care Act (ACA)**

The Affordable Care Act (ACA), also known as the Patient Protection and Affordable Care Act (PPACA) or Obamacare, is health care reform legislation intended to decrease the number of uninsured Americans and to reduce health care costs. The ACA includes many provisions that take effect over several years beginning in 2010. Included are provisions to expand Medicaid eligibility, establish health insurance marketplaces, require individuals to purchase insurance (individual shared responsibility provision), and provide employers the option of offering affordable, minimum value, minimum essential coverage to full-time employees or pay penalties (employer shared responsibility provision).

## **ACA Plan**

Kelly's employer-sponsored group health care plan that has been designed to satisfy the ACA's minimum essential coverage, minimum value, and affordability requirements. Beginning January 1, 2015, Kelly will offer the ACA Plan to all employees who meet Kelly's ACA eligibility criteria.

## **Break in Service**

A period of at least 13 consecutive weeks (91 consecutive days) during which an individual is not credited with an hour of service for Kelly. Also, a period of at least 30 consecutive days, but less than 13 weeks, during which an individual is not credited with an hour of service for Kelly, and which is longer than the individual's immediately preceding period of employment with Kelly. Employees who return from a break in service are treated as new employees for the purposes of determining ACA eligibility.

## **Full-Time Employee (under the ACA)**

An employee who is employed an average of at least 30 hours of service per week, or for new employees, those who Kelly can reasonably determine will average at least 30 hours of service per week during the employee's initial measurement period. See also, Variable Hour Employee.

## **Health Insurance Marketplaces (Exchanges)**

Health Insurance Marketplaces are competitive insurance marketplaces where individuals and small businesses can buy qualified private health benefit plans. Previously, the marketplaces were referred to as "exchanges." Marketplaces offer individuals a choice of health plans that meet certain benefits and cost standards. The marketplaces allow individuals and small businesses to directly compare available private health insurance options, get answers to questions, find out if they are eligible for premium tax subsidies, and enroll in a health plan that meets their needs. For additional information about the marketplaces in each state, visit [www.healthcare.gov](http://www.healthcare.gov).

## **Hour of Service**

Hour for which an employee is paid, or entitled to payment, for the performance of duties for Kelly, and each hour for which an employee is paid, or entitled to payment by Kelly, for a period of time during which no duties are performed due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty, or leave of absence.

Employees are also credited with hours of service in accordance with the ACA for special unpaid leaves, such as unpaid jury duty leave, or any unpaid leave that is subject to the Family and Medical Leave Act of 1993 (FMLA), or the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA).

## **Initial Measurement Period (for Kelly Services)**

For new variable hour, seasonal, or part-time employees, the period during which a look-back measurement method is used to determine the new employee's eligibility for future health care coverage under the ACA. For Kelly, this is a period of 11 consecutive months from an employee's start date.

In order to be eligible for the ACA Plan in the associated initial stability period, the individual must have been credited with at least 1,430 hours of service during an individual's initial measurement period.

Employees' eligibility is determined at the end of the measurement period, and employees who meet the hours requirement prior to the end of the measurement period do not become eligible early.

Hours of service do not carry over from one measurement period to the next, and employees who are rehired or resume providing services after a break in service will be treated as a new employee for determining ACA eligibility.

### **Individual Mandate (or Individual Shared Responsibility Provision)**

According to the ACA, most U.S. citizens and legal residents must have minimum essential coverage beginning in 2014. If they do not, they will pay a tax penalty. This is referred to as the individual shared responsibility provision of the ACA.

### **Minimum Essential Coverage**

The type of coverage an individual needs to have to meet the individual mandate under the ACA. This includes individual market policies, job-based employer-sponsored health coverage, Medicare, Medicaid, Children's Health Insurance Plan (CHIP), TRICARE (formally known as the Civilian Health and Medical Program of the Uniformed Services), and certain other coverage.

### **Ongoing Employee**

An employee who has been employed by Kelly for at least one complete standard measurement period.

### **Part-Time Employee**

An employee who is anticipated to average fewer than a total of 30 hours of service per week during the employee's initial measurement period.

### **Seasonal Employee**

Employees whose customary annual employment is six months or less, and whose work period begins each calendar year in approximately the same part of the year.

### **Stability Period**

A period of time during which an active employee's eligibility for healthcare coverage under the ACA generally must be continued, regardless of fluctuations in hours worked, provided the employee remains employed and continues required healthcare contributions. A stability period immediately follows the measurement and administrative periods on which an active employee's eligibility is based.

Individuals may have initial stability periods, which correspond with their initial measurement period and standard stability periods, which correspond with the standard measurement period. An employee's initial stability period is the twelve-month period that begins no later than the first day of the second calendar month that begins on or after the one-year anniversary of the individual's start date. Kelly's standard stability period begins January 1 and ends December 31 (effective January 1, 2015).

### **Standard Measurement Period (for Kelly Services)**

For all ongoing employees, the period during which a look-back measurement method is used to determine the ongoing employee's eligibility for future health care coverage under the ACA. For Kelly, this is a period of 12 consecutive months, which begins October 6 and ends October 5 of the following year.

In order to be eligible for the ACA Plan in the associated standard stability period, the individual must have been credited with at least 1560 hours of service during the standard measurement period. Employees' eligibility is determined at the end of the measurement period, and employees who meet the hours requirement prior to the end of the measurement period do not become eligible early.

Hours of service do not carry over from one measurement period to the next, and employees who are rehired or resume providing services after a break in service will be treated as a new employee for determining ACA eligibility.

### **Start Date**

The first date on which an employee is required to be credited with an hour of service. If an individual has a break in service, they may have a new start date when the individual is rehired or resumes providing services with Kelly.

### **Variable Hour Employee**

Employees whose hours on assignment are variable or otherwise uncertain, and it cannot be determined if the employee is reasonably expected to average at least 30 hours of service per week during the employee's initial measurement period. Kelly applies the variable hour employee factors outlined in the ACA regulations to determine whether a new employee meets this definition.