



## ACA Definition of Full-Time Employee

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**Background:** Under the Affordable Care Act (ACA), employers with more than 50 full-time employees are required to provide affordable group health insurance coverage to employees and their dependents or face financial penalties. The ACA defines a full-time employee as an individual who works an average of at least 30 hours per week. The mandate for employers to provide health care coverage is in effect and will be fully implemented by 2016. Employers with 50-99 employees are required to report on workers and coverage in 2015 but have until 2016 before any employer responsibility payments could apply. Employers with 100 or more employees must meet the standards in 2015, but the percentage of employees covered has been phased in. Instead of being required to offer health care coverage to 95 percent of full-time workers in 2015, employers with 100 or more employees can avoid a fine by offering insurance to 70 percent of employees for the first year.

**Issue:** Four years after enactment of the health care reform law, employers are encountering difficulties implementing the ACA requirements. Specifically, defining “full-time” as an employee working 30 hours a week is inconsistent with standard employment practices in the U.S. today and other federal laws. Some employers have opted to eliminate health care coverage for part-time employees, while others have re-engineered staffing models to reduce employee hours below the 30-hour threshold that triggers the coverage requirements. SHRM believes that effective health care reform should expand access to coverage, while not inhibiting or altering employer business models.

**Outlook:** Congress continues to examine how organizations are implementing the ACA requirements. A SHRM-supported proposal to modify the ACA definition of “full-time” employee for purposes of the health care coverage requirement has already passed in the House of Representatives this year. H.R. 30, the Save American Workers Act, a bill that defines a full-time employee as one who averages 40 hours of service a week, passed the House on January 8 by a vote of 252-172. Similar bipartisan legislation, S. 30, the Forty Hours is Full Time Act, has also been introduced in the Senate. While congressional debate on needed improvements to the law continues, the Supreme Court is expected to rule on a landmark case, *King v. Burwell*, in June on whether the ACA allows consumers who buy insurance through federal exchanges to qualify for subsidies.

**SHRM Position:** SHRM strongly supports S. 30 and H.R. 30 to modify the definition of “full-time” under the ACA. In addition, SHRM remains supportive of reform that lowers health care costs and improves access to high-quality and affordable coverage, and believes such reform should:

- Strengthen and improve the employer-based health care system.

- Encourage increased use of prevention, health promotion and wellness programs.
- Solidify the Employee Retirement Income Security Act to provide a national, uniform framework for health care benefits.
- Reduce health care costs by improving quality and transparency.
- Ensure that tax policy contributes to lower costs and greater access.
- Reform the medical liability laws as a component of cost containment.
- Ensure that under the ACA the “full-time” employee coverage requirement definition is consistent with the definition of “full-time” employee in the Fair Labor Standards Act.

***Talking Points:***

- SHRM supports provisions in the ACA that improve quality of care, promote transparency of and access to health information, and reform the current payment system.
- SHRM believes that medical liability lawsuits contribute to rising health care costs with “defensive” medical practices and increased liability insurance costs.
- SHRM believes wellness programs are an integral part of an employer’s health care strategy. As such, Congress and federal agencies should avoid creating conflicting requirements for employer-provided wellness programs.
- SHRM supports defining a “full-time” employee as one who averages 40 hours of service per week.
- **TELL YOUR STORY:** *In your meetings with policymakers, describe how the employer mandate in the ACA has impacted your business operations and your employees.*

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