

Affordable Care Act Impact on Faculty Early Retirement Program and Re-Employment of STRS, OPERS and ARP Retiree

(UHR: 9/15/2015)

Under the Affordable Care Act, the university must establish a “standard measurement period” to track the workload of all faculty, staff, and students. Any faculty, staff, or student employee who works an average of 30 hours per week (or 0.75 FTE) during the measurement period must be offered health insurance if they continue to be employed or return to work after retirement/separation in any capacity and at any FTE level without a 26 week break in service.

The university established an initial standard measurement period of August 16, 2014 to March 31, 2015.

Now the university is following an ongoing standard measurement period of April 1 to March 31.

Impact of 26 week break in service rule on Retirees returning to work and university and STRS/OPERS health care:

The Affordable Care Act states that any individual who has worked an average of 30 hours per week or greater during a standard measurement period must be offered health care if they continue to work or return to work in any capacity and at any FTE level *without a 26 week break in service*.

This means that any retiree who had an FTE of 0.75 or greater prior to retiring (or an average workload of 30 hours per week or greater) must be offered health care if they return to work without a 26 week break in service.

This applies to STRS Retirees (including the Faculty Early Retirement Program), OPERS retirees, and ARP retirees.

Further, STRS and OPERS require that any retiree who returns to work and is eligible for health care at their employer must enroll in the employer coverage. If The STRS or OPERS retiree refuses the offer of health insurance coverage from the university, their health insurance through STRS and OPERS will be negatively impacted. (Retirees should contact STRS and OPERS for further details.)

Since the re-employed retiree is eligible for health insurance, departments will be charged the benefits “standard rate” for a re-employed retiree faculty or staff member if the retiree returns to work without a 26 week break in service. The rate will be charged even if the employee waives coverage since the rate is charge based on benefits eligibility, not on actual enrollments.

The retiree must be offered health care for the same length of time of the measurement period or for as long as they are re-employed, whichever is less. If a retiree returned and worked Fall Semester only, health care would be offered for Fall Semester only. If a retiree returned to work for the Fall Semester and continued working after the Fall Semester, the longest health care would be provided is until March 31, 2016 assuming the workload level while re-employed is less than 0.75FTE.

If the retiree had an average FTE of less than 0.75, or an average workload of less than 30 hours per week, prior to retirement/separation, the university is not required to offer health care to the returning retiree.

The following examples are provided as guidance:

Example 1: Faculty with 1.0 FTE Joins Early Retiree Program: Retires June 1, Returns Fall Semester 2015

Situation:

- Group I Tenured Faculty Member "A" has a 1.0 FTE and is retiring with STRS on June 1, after the end of Spring Semester 2015. Faculty member A would like to participate in the Faculty Early Retirement Program (with a 0.33 FTE) for Fall Semester 2015.
- Faculty Member A is returning to work in August 2015, without a 26 week break in service since June 1.
- Faculty Member A has an average workload of greater than 30 hour per week, or 0.75 FTE prior to retirement.
- Faculty Member A is eligible for STRS health care.

Result:

- Faculty Member A must be offered health care by the university at the start of Fall Semester since the faculty member A's workload prior to retiring is greater than 30 hours per week or 0.75 FTE, *and* because Faculty Member A has not had a 26 week break in service. Health insurance coverage will remain in place to the end of Fall Semester, or to March 31, 2016 if A continues to work in Spring Semester 2016 as well. (Health care will end on March 31, 2016 as long as A has not had an average FTE of 0.75 during the time A returned to work.)
- The department will be charged the benefits standard rate for Faculty Member A.
- Further, Faculty Member A should not waive the university's offer of health insurance due to the STRS requirement that a re-employed STRS retired faculty member must enroll in health insurance if offered by their employer.

Example 2: Faculty with 1.0 FTE Joins Early Retiree Program: Retire June 1, Return Winter Semester 2016

Situation:

- Group I Tenured Faculty Member "B" has a 1.0 FTE and is retiring with STRS on June 1, after the end of Spring Semester 2015. Faculty member B would like to participate in the Faculty Early Retirement Program (with a 0.33 FTE) for the following Spring Semester 2016 (and will not work in any capacity for Fall Semester 2015).

- Faculty Member B has an average workload of greater than 30 hour per week, or 0.75 FTE.
- Faculty Member B is returning to work in January 2016, which is a 26 week break in service from their June 1 retirement date.
- Faculty Member B is eligible for STRS health care.

Result:

- Faculty Member B does not have to be offered health insurance by the university at the start of Spring Semester 2016 since the faculty member has had a 26 week break in service prior to re-employment.
- Further, Faculty Member B can remain on STRS health care since Faculty Member A was not eligible for university health care nor offered university health care.

Example 3: Faculty with FTE Below 0.75 Joins Early Retiree Program: Retire June 1, Return Fall 2015

Situation:

- Group I Tenured Faculty Member "C" has a 0.50 FTE and is retiring with STRS on June 1, after the end of Spring Semester 2015. Faculty member C would like to participate in the Faculty Early Retirement Program (with a 0.33 FTE) for Fall Semester 2015.
- Faculty Member C does not have an average workload of greater than 30 hour per week, or 0.75 FTE. (Faculty Member C's FTE is 0.50.)
- Faculty Member C is returning to work in Fall 2015, without a 26 week break in service since June 1.
- Faculty Member C is eligible for STRS healthcare.

Result:

- Faculty Member C does not have to be offered health insurance by the university at the start of Fall Semester 2015 since the faculty member had an FTE of 0.50 (below 0.75) prior to re-employment.
- Further, Faculty Member C can remain on STRS health care since Faculty Member C was not eligible for university health care nor offered university health care.

Example 4: Group I or Group II Faculty Member with 1.0 FTE Retires June 1, is Re-Employed Fall Semester as Group III

Situation:

- Faculty Member "D" has a 1.0 FTE and is retiring with STRS on June 1, after the end of Spring Semester 2015. Faculty member D would like to work/teach Fall Semester 2015 at a reduced workload.
- Faculty Member D is returning to work in August 2015, without a 26 week break in service.

- Faculty Member D had an average workload of greater than 30 hour per week, or 0.75 FTE, prior to retirement.

- Faculty Member D is eligible for STRS health care.

Result:

- Faculty Member D must be offered health care by the university at the start of Fall Semester since the faculty member D's workload prior to retiring is greater than 30 hours per week or 0.75 FTE, *and* because Faculty Member D has not had a 26 week break in service. Health insurance coverage will remain in place to the end of Fall Semester, or to March 31, 2016 if continues to work in Winter Semester 2016. (Health care will end on March 31, 2016 as long as A has not had an average FTE of 0.75 during the time A returned to work.)

- Further, Faculty Member D should not waive the university's offer of health insurance due to the STRS requirement that a re-employed STRS retired faculty member must enroll in health insurance if offered by their employer.

Example 5: Group I or Group II Faculty Member with FTE Below 0.75 Retires June 1, is Re-Employed Fall Semester as Group III

Situation:

- Faculty Member "E" has a 0.5 FTE and is retiring with STRS on June 1, after the end of Spring Semester 2015. Faculty member E would like to return to work Fall Semester 2015 with an FTE below 0.75.

- Faculty Member E does not have an average workload of greater than 30 hour per week, or 0.75 FTE. (Faculty Member E's FTE is 0.50.) prior to retirement.

- Faculty Member E is returning to work in Fall 2015, without a 26 week break in service since June 1.

- Faculty Member E is eligible for STRS healthcare.

Result:

- Faculty Member E does not have to be offered health insurance by the university at the start of Fall Semester 2015 since the faculty member had an FTE below 0.75 prior to re-employment.

- Further, Faculty Member E can remain on STRS health care since Faculty Member C was not eligible for university health care nor offered university health care.