

## Focus Health Insurance Memorandum - SPD & PD Supplement

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The Affordable Care Act (ACA) imposes new rules governing offers of group health plan coverage by employers to their full-time employees. For this purpose, we have chosen to determine which employees are full-time employees under the “look-back measurement method.” These rules are explained at some length in our plan’s summary plan description (SPD), which is available at [www.workatfocus.com/health](http://www.workatfocus.com/health). The purpose of this memorandum is to describe how the look-back measurement method applies to both newly hired and other (ongoing) employees. These rules are important, since they determine the circumstances under which employees qualify for coverage and when.

Upon hire an employee will be classified as full-time, part-time, variable hour, or seasonal.

- A “full-time employee” is an employee who is expected to work on average 30 or more hours per week during each calendar month.
- A “part-time employee” is an employee who is not expected to work on average 30 or more hours per week during each calendar month.
- A “seasonal employee” is an employee who is hired into a position for which the customary annual employment is six months or less.
- A “variable hour employee” is an employee who we cannot determine is reasonably expected to be employed on average at least 30 hours of service per week during his or her “initial measurement period” (i.e., the 12-month period commencing the first day of the month following date-of-hire) because the employee’s hours are variable or otherwise uncertain.

Employees classified as full-time will be eligible to participate in our plan on the first day of the calendar month immediately following three full months of employment (but only if they are still employed on that day). Part-time, seasonal and variable hour employees must first complete a 12-month initial measurement period (that starts on the first day of the month following date of hire) during which they are not eligible to participate in the plan. At the completion of the initial measurement period, an employee who has worked on average at least 30 hours of service per week during that period will be eligible for coverage on the first day of the next month (i.e., 13-and-a-fraction months after his or her hire date). Employees who qualify for coverage under this rule will remain eligible for a 12-month period (called the “stability period”) irrespective of their hours, provided they remain employed. An employee who fails to work on average at least 30 hours per week during his or her initial measurement period is not eligible for coverage during the corresponding stability period.

Employees who have been employed for some time are subject to similar rules, except that the testing period is a fixed, 12-month period that runs from November 1 to the following October 30. This period is called the “standard measurement period.” Once an employee has worked through a full standard measurement period, he or she is no longer classified as full-time, part-time, seasonal, or variable hour. He or she is instead an “ongoing employee.” An ongoing employee who works on average at least 30 hours of service per week during any standard measurement period will qualify for coverage during a stability period, which is the immediately following calendar year. An ongoing employee who fails to work on average at least 30 hours per week during any standard measurement period is not eligible for coverage during the corresponding stability period.

There are rules that govern the transition from newly-hired to ongoing employee that will affect when coverage might be available. In addition, where an employee experiences a break-in-service of at least 13-weeks, he or she may be treated as newly-hired upon their return. A similar result occurs under a “rule of parity” where a rehired employee may be treated as a new employee following a break of at least four weeks if the employee’s break in service is longer than the employee’s period of service immediately preceding the break in service.

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As of January 2015, Focus Workforce Management, Inc. and all affiliated companies (“Focus”) offer health insurance that meets or exceeds the government mandate to all newly hired full-time employees and their dependents at the time of application. The coverage effective date will begin at some point after (not before) your first assignment date if you accept coverage.

Employees must accept or waive coverage through Focus at the time of application/hire because in the ordinary course of temporary employment it is customary for employees to visit our office only one or two times. Failure to accept or decline coverage may result in Focus treating an employee’s health insurance application as having declined coverage or may result in automatic enrollment and payroll deductions if required by law (See Plan Documents for details). If employee elects coverage at initial time of application/hire, employee is allowed to change the election prior to accepting the first job assignment by notifying Focus in writing. Employees may also enroll in our health insurance during open enrollment which is **December 21 to February 20**.

Employees are not allowed to enroll or decline coverage at any other time unless a qualifying event occurs. A qualifying event includes events such as cancellation of other group coverage, marriage, birth, adoption, placement of adoption or other qualified event as defined by the federal government or by a governing authority in which you work. In case of a qualifying event, employees must enroll in our plan within 31 days of the event. If an employee declined coverage because the employee and/or employee’s dependents qualify for Medicaid and/or CHIP and it is in effect at the time the employee declines coverage and employee later loses eligibility for that coverage the employee may still enroll in our coverage provided it is done within 60 days after that coverage ends.

The employee cost of self-only coverage will depend upon the type of plan chosen and gross monthly earnings. See the current Enrollment Guide/Form for a list of plans and cost or ask the Focus Director of Back Office/Insurance. Employees are responsible for 100% of the cost of coverage for dependents enrolled. The employee premium portion is due one month in advance of coverage. While employed by Focus, we will deduct the employee portion of the premium on a weekly basis, one month in advance of coverage. In the event a job assignment ends or employment ends with Focus and employee wishes to retain coverage, the premium amount must be paid to Focus prior to the month of coverage or coverage will be canceled. If Focus does not receive the employee’s cost and dependents’ cost of the premium (or the total cost of the premium if you are no longer employed), coverage will be canceled.

Employees who work over 1,560 hours in 12 months or employees who are a non-variable hour employee at the time of hire, may qualify for an employer contribution from Focus if the employee’s share of the least expensive self-only premium option exceeds 9.5% of the employee’s pay.

Due to the nature of our job assignments, most of our employees are variable hour employees. Employment length, assignment(s), number of hours per week, and/or assignment duration is uncertain and not guaranteed and it may vary from week to week. Many of our positions are seasonal. Breaks of unknown time and gaps between assignments are expected. It is an employee’s right to NOT be available for future assignments. Based on this information, Focus considers the majority of its employees “Variable Hour Employees”. Variable hour employees are available for an employer contribution towards premium after working 1,560 hours in 12 calendar months. Upon reaching 1,560 hours in 12 calendar months, you have 30 days to complete and return your application. Enrollment forms are available on the online employee portal, in Focus offices, or on the Focus website at [www.focusjobs.com/health](http://www.focusjobs.com/health).

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If you receive qualified coverage through another person such as spouse, parent, or other or through Medicare, Medicaid, or Tri-Care you are exempt from any government penalties even if you decline our coverage.

In many cases, the cost of the government penalty for not having insurance is much less than the employee cost of insurance. Please check with the IRS regarding what your individual penalty may be given your income and number of dependents.

If you have question about how these rules affect you, please call or contact Chelsea Swaggerty or our Insurance and VP of HR at 877-440-8256