



Covered California for Small Business Changes to the 2016 Marketplace

<p>How is group size determined?</p>	<p>Group size is determined by calculating the total number of "Full-Time Equivalent" (FTE) employees.</p> <p>An FTE employee is not an actual employee but a calculation involving all part-time and full-time employees who worked during the preceding calendar year or calendar quarter. In determining whether to use the calendar year or calendar quarter test, the employer's calculation shall use the test that ensures eligibility if only one test would ensure eligibility. See Section 1357.500(k)(1) of the Health and Safety Code for further information. If the employer did not exist in the prior calendar year or calendar quarter, the employer shall determine the average number of employees who are reasonably expected to work on business days in the current calendar year. That figure will establish whether the employer is eligible for coverage through Covered California for Small Business.</p> <p>Please visit IRS website for assistance. https://www.irs.gov/uac/Small-Business-Health-Care-Tax-Credit-Questions-and-Answers:-Determining-FTEs-and-Average-Annual-Wages</p>
<p>How is the number of Full-Time Equivalent (FTEs) determined?</p>	<p>An employer determines the number of full-time equivalent employees for a month by following the steps that follow:</p> <ol style="list-style-type: none">1. Combine the number of hours of service of all non-full-time employees for the month but do not include more than 120 hours of service per employee.2. Divide the total by 120.3. Add up the total number of full-time employees for each calendar month. A full-time employee generally works an average of at least 30 hours per week during the calendar month, or at least 130 hours of service during the calendar month. Visit the IRS link provided below if you require more information on the permissible ways to count hours of service.4. Take the product of Steps 1 and 2 and combine with the product of Step 3. Divide that figure by 12. The final figure represents the total employee count for determining CCSB eligibility.



Example:

Company X has 40 full-time employees for each calendar month during 2016.

Company X also has 15 part-time employees for each calendar month during 2016 each of whom have 60 hours of service per month.

When combined, the hours of service of the part-time employees for a month totals 900 [15 x 60 = 900].

Dividing the combined hours of service of the part-time employees by 120 equals 7.5 (900/120 = 7.5). The number, 7.5, represents the number of Company X's full-time equivalent employees for each month during 2016.

Company X adds up the total number of full-time employees for each calendar month of 2016 which is 480 [40 x 12 = 480].

Company X adds up the total number of full-time equivalent employees for each calendar month of 2016, which is 90 [7.5 x 12 = 90].

Company X adds those two numbers together and divides the total by 12, which equals 47.5 [(480 + 90 = 570)/12 = 47.5].

Because the result is not a whole number, it is rounded to the next lowest whole number, so 47. The total FTE number for Company X is 47, which is used to determine CCSB eligibility. In this case, Company X is eligible for CCSB.

Please visit IRS website for more details.

<https://www.irs.gov/uac/Small-Business-Health-Care-Tax-Credit-Questions-and-Answers:-Determining-FTEs-and-Average-Annual-Wages>



	https://www.irs.gov/Affordable-Care-Act/Employers/Determining-if-an-Employer-is-an-Applicable-Large-Employer
How does employee only coverage work for groups over 50? Does it work the same if the group is over 50 FTE employees, but fewer than 50 enrolled?	<p>If your FTE number is at least 50, the employer is required to offer coverage to all dependent children up to the age of 26. If the employer chooses to not offer dependent coverage, the employer may be subject to an Employer Shared Responsibility payment under section 4980H of the Internal Revenue Code.</p> <p>Refer to Section 4980H of the Internal Revenue Code for more information.</p>
Have the new employer submission requirements for groups with 50 or more employees been relaxed to mirror some off-exchange and/or private small group market?	<p>No. Currently, the submission requirements for Covered California for Small Business will remain unchanged.</p>