

## **Affordable Care Act / Health Care Reform HEALTH FEE**

- I. Overview
- II. Determining Eligibility
- III. ACA Health Fee Information
- IV. Contract and Grant Accounting

### **I. Overview**

- Under the Affordable Care Act (ACA), the definition of Full-time Employee includes variable hour employees who are paid an average of 130 hours/month (30 or more hours per week).
- All employees meeting the ACA criteria [ACA FAQs](#), and not otherwise eligible for MSU health insurance, will be eligible for mandated health insurance.
- Eligibility for, not acceptance of, mandated insurance will result in a fee to the current employing department(s) during the period the employee is eligible for health benefits.
- The ACA Health charge is a fee to units and is not a component of MSU's benefits charging process.

### **II. Determining and Tracking Eligibility**

- The University is responsible for determining which employees meet the criteria for eligibility for mandated health insurance and will produce the ACA Time Report.
- Departments should use the [ACA Time Report](#) to track an employee's potential eligibility. This report captures time paid to each employee across all organizational units and can be accessed by end-users with the Unit Administrator role.
- More information on the time report is available at [ACA Time Report Guide](#).

### **III. ACA Health Fee charging information**

- The monthly fee will be charged by KFS entry to object code 6645 'ACA Health Fee'.
- The amount of the fee will be based on the premium equivalent for the health benefit. In 2021 the fee is \$464.49/month.
- The department(s) responsible for the monthly fee will be the primary org unit listed on the employee's active assignment(s) on the last day of each month.

- An employee is considered active in an assignment if their employment status is active or inactive (leave of absence without pay) for a given primary org, regardless of whether the employee is receiving pay.
- If the employee has more than one active assignment, the fee will be split equally among the primary departments (org units). Assignments with no-pay positions will not be included.
- The ACA health fee will not be considered in any retroactive employment changes. Once a charge is levied (or not levied) it will stand.
- Departments may provide an account to HR benefits to be charged for all ACA fees for each unique organization unit. Please email [hr.ACAHealthFeeInfo@hr.msu.edu](mailto:hr.ACAHealthFeeInfo@hr.msu.edu) to provide an account.
- If no account is provided, the department's central salary account will be charged. Because the transaction will originate in KFS, departments may use KFS documents to reallocate the charge after it has been processed.

#### **IV. Contract and Grant Accounting**

- The ACA fee will be allowable on RC accounts, however, an RC account cannot be used as the default account provided by a department to HR.
- Once charged to the department, the ACA fee can be allocated to the appropriate account(s), including RC accounts, using a Distribution of Income and Expense (DI). If the allocation includes an RC account and is not completed within 90 days, a General Error Correction must be used, as this will be considered a late cost transfer.
- To be consistent with MSU procedures, if the fee is reallocated, it must be divided evenly amongst the accounts on which the staff member worked that month and not be allocated based on effort/number of hours worked on each account.
- For more information on charging the ACA fee to RC accounts, please contact Contract and Grant Administration or email [transactions@cga.msu.edu](mailto:transactions@cga.msu.edu).

*For questions regarding the fee, please contact [hr.ACAHealthFeeInfo@hr.msu.edu](mailto:hr.ACAHealthFeeInfo@hr.msu.edu) or visit the [MSU Human Resources website](#).*