

Small or Large Employer?

If you employ 50 or more full-time employees (FTE) employees or full-time equivalent employees (FTEE) you are considered a large employer for the health care reform law.

A full time employee for the law is considered an employee who works 30 or more hours per week.

To determine if you meet the Large employer rule:

Count all full-time employees (FTE) who work 30 or more hours per week
Include all part time employees (employees who work less than 30 hours per week)
May need to include seasonal employees who work 4 or more months

Part-time and Seasonal employees will make up your full-time equivalent employees (FTEE)

Calculation:

FTE = employees working 30+ hours per week – easy to determine who these are.

FTEE= full-time equivalent employee; is made up of your part-time employees (PTE);

FTEE Formula: $FTEE = (PTE \times \text{average hours worked per month}) / 120 \text{ hours}$

Law says 120 hours is the maximum a part time employee can work a month to be considered part-time.

Total Employee Formula: $FTE + FTEE = \text{Total \# of Employees}$

Examples:

Employer 1 has 55 employees who work 35 or more hours per week, **total FTE = 55**, employer is considered a large employer.

Employer 2 has 25 employees who work 30 or more hours per week and 30 part time employees who work 24 hours per week. Calculation: $FTE + FTEE = \text{Total Employees}$

FTE= 25

FTEE = $30 \text{ PTE} \times 104 \text{ avg hours per month divide by } 120 \text{ hours} = \mathbf{26 \text{ FTEE}}$

(Monthly average hours was calculated by taking 24 hours per week times 52 weeks then divide by 12 months)

Add FTE and FTEE to equal total number of employees:

$25 \text{ FTE} + 26 \text{ FTEE} = \mathbf{51 \text{ total employees}}$, employer is considered a large employer.

Employer 3 has 47 employees who work 30 or more hours per week and no part-time or seasonal employees, FTE = 47, not considered a large employer.

If you meet the large employer definition and offer coverage you will be required to follow the rules and regulations / mandates of the health care reform law.

If you meet the large employer definition and do not offer any coverage, you may be subject to a penalty / tax if one of your employee's applies for coverage through the exchange AND receives a subsidy.