

## RESOLUTION NO. 3 OF 2016

### ADOPTING THE LOOK-BACK MEASUREMENT METHOD UNDER THE PATIENT PROTECTION AND AFFORDABLE CARE ACT

**WHEREAS**, the Patient Protection and Affordable Care Act (“ACA”) added Section 4980H Shared Responsibility for Employers Regarding Health Care Coverage to Title 26 of the United States Code, the Internal Revenue Code (Section 4980H);

**WHEREAS**, Section 4980H imposes an assessable payment on an applicable large employer when either (1) it fails to offer “substantially all” of its full-time employees (and their dependents) the opportunity to enroll in minimum essential coverage, or it offers full-time employees (and their dependents) coverage that is either not affordable or does not provide minimum value, and (2) a full-time employee is certified to the employer as having received a subsidy for coverage through the exchange (“Assessable Payment”);

**WHEREAS**, the City of Cabot, Arkansas is considered an applicable large employer because it employed an average of at least 50 full-time and/or full-time equivalent employees on business days during the preceding calendar year;

**WHEREAS**, the Department of Treasury issued final regulations regarding Section 4980H, that permit the City of Cabot, Arkansas to adopt a look-back measurement method in order to determine the status of an employee as full-time for purposes of determining and calculating the Assessable Payment 26 CFR Parts 1, 54, and 301, 79 Fed. Reg. 8543 (Feb. 12, 2014); and

**NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF CABOT, ARKANSAS, THAT:**

**SECTION 1: Adoption of Look-Back Measurement Method** – the City of Cabot, Arkansas hereby adopts the look-back measurement method for purposes of determining employee status under Section 4980H.

**SECTION 2: Administration of Look-Back Measurement Method** – the City of Cabot, Arkansas shall administer the look-back measurement method pursuant to (i) the periods identified in this resolution, and (ii) the guidance set forth in 26 CFR Parts 1, 54, and 301, 79 Fed. Reg. 8543 (Feb. 12, 2014) and other related notices and materials.

**SECTION 3: Ongoing Employees** - the City of Cabot, Arkansas adopts the following periods for purposes of administering the look-back measurement method with regard to all ongoing employees for the 2016 plan year and thereafter:

- a) **Standard Measurement Period** - A 12 month standard measurement period will begin December 1, 2015 and end on November 30, 2016. Subsequent standard measurement periods will begin on December 1<sup>st</sup> and end on November 30<sup>th</sup> each year thereafter.
- b) **Standard Administrative Period** – A 31 day administrative period for ongoing employees will begin on December 1, 2016 and ending on December 31, 2016, subsequent administrative periods for ongoing employees will begin on December 1<sup>st</sup> and end on December 31<sup>st</sup> each year thereafter.
- c) **Standard Stability Period** - A 12 month stability period for ongoing employees will begin on January 1, 2017 and end on December 31, 2017. Subsequent stability periods

for ongoing employees will begin on January 1<sup>st</sup> and end on 31<sup>st</sup> each year thereafter.

**SECTION 4: New Employees** - the City of Cabot, Arkansas adopts the following periods for purposes of administering the look-back measurement method with regard to new employees hired on or after December 1, 2015.

- a. **Initial Measurement Period** - A 2 month initial measurement period will start the 1st of the calendar month after the new employee's hire date, unless the hire date is the first of a calendar month in which case the initial measurement period will start on that date.
- b. **Initial Administrative Period** - An administrative period for new employees shall include (i) the period from hire date to the beginning of the initial measurement period, if any, and, (ii) the period following the last day of the initial measurement period through the last day of the first calendar month beginning thereafter. In no event may the administrative period extend past the last day of the first calendar month that begins on or after the one-year anniversary of the employee's start date.
- c. **Initial Stability Period** - A 12 month stability period for new employees will start immediately following the administrative period.

**SECTION 5: Coverage Eligibility and Termination** – Participation in the City of Cabot, Arkansas' health plan shall remain subject to eligibility requirements set forth in the plan document. Furthermore, terminations of coverage for non-payment or under-payment of plan premiums shall continue in accordance with applicable policies or procedures set forth in the plan document, employee handbook, or other pertinent materials.

SPONSOR:  
William A. "Bill" Cypert, Mayor

PASSED: 7-0  
DATE: 2/15/16  
APPROVED:

\_\_\_\_\_  
William A. "Bill" Cypert, Mayor

APPROVED AS TO FORM:

ATTEST:

\_\_\_\_\_  
Jim Taylor, City Attorney

\_\_\_\_\_  
Tammy Yocom, City Clerk-Treasurer