



Mobile County PUBLIC SCHOOLS

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RE: Affordable Care Act

As you may know the Patient Protection and Affordable Care Act (the "Affordable Care Act" or "ACA") was passed in 2010. Different aspects of the ACA have already taken effect. Beginning on January 1, 2015, another feature of the law comes into effect – the Employer Mandate. Under the Employer Mandate provisions, employers can be penalized for failing to offer health care coverage to any person who works an average of 30 hours a week or 130 hours per month over a period of time known as the "measurement period". The measurement period is important because that is what determines who should be offered coverage under the Employer Mandate. So, while the Employer Mandate doesn't start until January 1, 2015, when it does start it will look to the measurement period utilized by the Mobile County Public School System to determine compliance.

The Employer Mandate is impacting the way school districts, including the Mobile County Public School System ("MCPSS"), employ substitutes. Substitutes of MCPSS who work an average of 30 hours per week or 130 hours per month over the measurement period set by MCPSS would fall under the provisions of the Employer Mandate, and MCPSS could be penalized for failing to provide affordable health care coverage to those substitutes.

The MCPSS is funded by state, federal and local funds and the majority of our budget is dedicated to employee related expenses. Like most school systems, our funding is stretched greatly. One of the lessons that the current federal fiscal crisis and the deficits in most states has taught us is that there really are hard limits to the resources available to public schools.

Because of those factors, without additional special federal or state funding there are no funds available for the MCPSS to use to provide health care coverage to substitutes. The matter is complicated by the fact that the Retirement Systems of Alabama ("RSA") does not offer health care coverage to substitutes at all.

School districts across the country that are unable to afford healthcare benefits for substitutes are reducing the number of hours substitutes can work and MCPSS will be forced to impose similar limits.

Beginning with the 2014/2015 school year, substitutes and will be limited to working a maximum of 1000 hours per calendar year for MCPSS. All substitutes should now be clocking in and out each day that they work. Substitutes are able to check the number of days they work per school year, and we are working with Subfinder to enable substitutes to check the days worked per calendar year. The System is monitoring, and will continue to monitor the number of hours worked by each substitute, and we will send

notifications to the substitutes who are getting close to the calendar year limit. Once the calendar year limit is reached, a substitute will not be able to work for MCPSS again until the next calendar year. The first notice to substitutes will be directed at those with a high number of hours worked so far this year. A notice will also be sent to all of the subs who have worked a certain number of hours this calendar year to advise them of their status in light of the calendar year hourly restrictions. Not all substitutes will get this letter – just those approaching the calendar year limit.

While very few substitutes have exceeded the 1,000 hour limit in past years, MCPSS may have to start limiting certain substitutes hours this fall based on the number of hours worked by those substitutes this calendar year.

Current full time employees who are enrolled in a RSA health care plan and currently have benefits do not have to do anything with regard to the Affordable Care Act. Those employees will remain enrolled unless you opt out at some date in the future. Employees who are newly eligible for health coverage have the responsibility to obtain coverage and to understand whether they are eligible to participate in our employer sponsored health plan or plans offered via the Affordable Care Act Marketplace Exchanges. The limits and issues discussed above apply primarily to substitutes but part time workers not receiving health care coverage from the system may also be affected.

The ACA is a very complicated law. Some parts of the law are not clear and others are subject to change. Parts of the law have already been changed or delayed. We are doing our best to keep up to date on the issues associated with the ACA and will provide you with more information as the same is developed.

Thank you for all that you do for the Mobile County Public School System. Please let me know if you have any questions.

Best Regards,



Bryan Hack,
Executive Manager,
Human Resources

BMH/hh