



STATE OF ALABAMA  
DEPARTMENT OF EDUCATION



Thomas R. Bice  
State Superintendent of Education

September 25, 2013

Alabama  
State Board  
of Education

**MEMORANDUM**

Governor  
Robert Bentley  
President

**TO:** City and County Superintendents of Education

Tracy T. Roberts  
District I

**FROM:** Warren Craig Pouncey  
Chief of Staff

Betty Peters  
District II

**RE:** Avoiding Affordable Care Act Penalties

Stephanie Bell  
District III

The Patient Protection and Affordable Care Act, also referred to as "Obamacare", contains possible financial penalties for Alabama school boards who do not offer health insurance coverage to at least 95% of all full-time employees after January 1, 2015. A test of one Alabama school board with about 475 employees and 29 non-PEEHIP covered full-time employees calculated an estimated penalty payment of \$890,000 for the 2015 calendar year. The 29 non-PEEHIP covered employees for this school board are extended day employees and substitute employees who average working more than 30 hours per week. In addition to substitutes and extended day employees, temporary employees and non-employee assistant coaches could be treated as full-time employees in the absence of documentation of actual hours worked. If daily records of hours worked by a non-PEEHIP covered employee are not maintained, the federal regulations require the estimated daily hours be a minimum of 8 hours.

Yvette M.  
Richardson, Ed.D.  
District IV

Ella B. Bell  
District V  
President Pro Tem

The official determination of an employee's full-time status will be made in a "look-back measurement period" that begins on October 1, 2013. **Effective October 1, 2013, all school boards should maintain daily time records for non-PEEHIP covered employees. Daily time records may be sign-in/sign-out sheets reflecting hours worked or may be time clocks and software programs that record daily hours worked.**

Charles E. Elliott, M.D.  
District VI  
Vice President

Jeff Newman  
District VII

PEEHIP staff are assisting us in preparing guidance and training that should allow all Alabama school boards to conduct a test that will allow school boards to identify employees whose work schedules could cause this penalty. In the meantime, you need to review the weekly work hours of non-PEEHIP covered employees and consider adjusting work schedules, specifically extended day employees and long-term substitutes. School boards should be able to avoid penalties without purchasing new timekeeping systems and employment services by adjusting work schedules and employment practices.

Mary Scott Hunter, J.D.  
District VIII

Thomas R. Bice, Ed.D.  
Secretary and  
Executive Officer

If you have questions about the Patient Protection and Affordable Care Act contact Mr. Dennis Heard by calling (334) 242-9747 or at the e-mail address [dheard@alsde.edu](mailto:dheard@alsde.edu).

WCP/DWH