

SHOP DIRECT ENROLLMENT PROGRAM

SHOP Eligibility Calculation

Employers must perform this specific calculation annually to determine whether they are eligible to participate in the SHOP Exchange as small business employer for the following calendar year:

Step 1: For each of the 12 calendar months in the preceding calendar year, an employer must



determine how many employees (including seasonal employees) averaged at least 30 hours of service a week over the month, or 130 hours or more hours of service in a calendar month. That will be the number of full-time employees you employed during that calendar month. Note the number of full-time employees for each calendar month.

Step 2: Add the hours of service of all other non-full-time employees (including part-time seasonal employees), but do not count more than 120 hours per person per calendar month.

Step 3: Divide the total hours of service for each calendar month for non-full-time employees by 120. That determines a full-time-equivalent number for non-full-time employees.

Step 4: Next, add the number of full-time employees (Step 1) to the number of equivalents (Step 3), to get the total number of full-time-equivalent employees for that calendar month. Repeat the process for each of the remaining 11 months.

Step 5: Add each of the 12 numbers together.

Step 6: Divide by 12 for the average annual full-time-employee-equivalent number. That is the number employers must use to determine whether they are considered Small Business.

- ✘ If the total number of full-time-equivalent employees in the previous calendar year is equal/below 50, the employer is considered a small employer under the health care law for the current calendar year and is eligible to participate in SHOP Exchange.
- ✘ If the total number of full-time-equivalent employees in the previous calendar year is over 50, the employer is not considered a small employer the current calendar year and is not eligible to participate in SHOP Exchange.

Definitions

Full-time: The health care law defines “full-time” as any employee who averages at least 30 hours of service a week over a calendar month (or at least 130 hours in a calendar month).

Seasonal employee: Until further guidance is issued, employers may apply a “reasonable, good-faith interpretation of the statutory definition of seasonal worker,” the Treasury Department says. For further details, see January 2, 2013, Treasury/IRS proposed regulations.

Hours of service: Includes hours worked and also hours for which the employee is paid or entitled to payment even when no work is performed (vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty or leave of absence.)

Part-time: The health care law defines “part-time” as an employee who averages less than 30 hours of service a week over a calendar month, or fewer than 130 hours in a calendar month. (Note: Include no more than 120 hours for any one part-time employee in the above equation.)

SHOP FTE Calculation Worksheet												
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
1. Enter total number of full-time employees (including seasonal full-time employees)												
2. Enter total monthly hours of service for all part-time employees (including seasonal part-time employees)												
3. Divide Line 2 by 120 to calculate full-time equivalent (FTE) number for part-time employees												
4. Add Line 1 & 3 for total FTEs												
5. Add total for Line 4 to calculate total FTEs/Year												
6. Divide Line 5 by 12 to calculate average FTEs												
SHOP Eligibility	If Average FTEs is = < 50, your Small Business is eligible to participate in SHOP Exchange , if Average FTEs > 50, your Small Business is not .											