



## Understanding the Standard Look-Back Measurement Method UNDER THE AFFORDABLE CARE ACT

### Standard look-back measurement method is used for ongoing employees.

The Employer Shared Responsibility Provision under the Affordable Care Act (ACA) requires applicable large employers (ALEs) to provide health care coverage to full-time employees working an average of 30 hours/week or 130 hours/month. Employers must annually assess whether their employees, including full-time, part-time and variable-hour employees, qualify for coverage based on the average number of hours worked during the last measurement period.

### There are THREE time periods in the assessment:

- **Measurement period** – period to track employees' hours of service.
- **Administrative period** – period that gives employers time to calculate the average hours worked by employees during the measurement period, extend offers of coverage and enroll eligible employees.
- **Stability period** – period to offer coverage to full-time employees qualifying during the measurement period regardless of change in average hours worked since the measurement period.

#### Measurement Period

Minimum 3 months  
Maximum 12 months

#### Administrative Period

Minimum 1 day  
Maximum 90 days

#### Stability Period

Minimum 6 months  
Maximum 12 months  
Equal to measurement period,  
minimum 6 months

### The Look-Back Measurement Method:

- Measurement period can be from three–12 months.
- Administrative period follows measurement period.
- Stability period must be at least six consecutive calendar months and no shorter than the measurement period.
- Measurement periods can only differ based on defined classifications including salary versus hourly and employees working in different states.
- The standard look-back measurement method is used for ongoing employees, while the initial look-back measurement method is used for newly hired employees.
- The IRS provides an online estimator to help you estimate the number of full-time and full-time equivalent employees.

This information is the first in a reference series on the assessment process. Please refer to our website's Health Care Reform section at [GuideStone.org/HealthReform](https://www.guidestone.org/HealthReform) for more information.

GuideStone® welcomes the opportunity to share this general information. However, this information and the information in the calculator are not intended to be relied upon as legal advice. This information may be subject to interpretation or clarification over time, so we cannot guarantee its long-term accuracy or how it might be determined to apply in certain situations. However, we hope it will provide you a useful frame of reference as you endeavor to carry out your responsibilities and serve your employees.



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