

## **RSIG Security Human Resource Policy**

<b>Policy Title:</b>	<b>Policy for Identifying Full-Time Employees for Group Medical Features Under the Plan Pursuant to the Employer Shared Responsibility Provisions of the Affordable Care Act</b>
<b>Responsible Department:</b>	<b>Human Resources</b>
<b>Effective Date:</b>	<b>For Plan years beginning on or after December 15, 2015</b>
<b>Revised Date:</b>	
<b>Approved By:</b>	

The Plan Sponsor employs at least 50 full-time employees (including equivalents) and is therefore considered an Applicable Large Employer subject to the Employer Shared Responsibility provisions of the Affordable Care Act (Code §4980H). These provisions include coverage requirements and penalties/assessments under certain circumstances, determined monthly, based on Full-Time Employee status and generally become effective in 2015, unless otherwise extended in accordance with applicable law.

### **1. Introduction**

#### **1.1 Adoption**

The Plan Sponsor hereby adopts this Policy as part of the eligibility requirements necessary to participate in one or more Group Medical Features made available under the Plan from time to time. This Policy is intended to be incorporated by reference into the Plan. Except, and to the extent, provided herein the provisions of the Plan shall not be otherwise affected by this Policy.

#### **1.2 Purpose**

The Plan Sponsor is adopting this Policy for purposes of identifying Full-Time Employees with respect to the Employer Shared Responsibility provisions of the Affordable Care Act and for purposes of identifying Eligible Employees with respect to the Group Medical Features listed in the appropriate Schedule to the Plan. Determination of Full-Time Employee status will be made by the Plan Sponsor, in its sole and absolute discretion, in accordance with this Policy and applicable law.

#### **1.3 Relationship Between Full-Time Status and Eligibility**

All Employees who are determined to be Full-Time Employees with respect to a given period of time are Eligible Employees with respect to Group Medical Features under the Plan during that period of time. Full-Time Employee status, as determined in accordance with this Policy, relates to Group Medical Features only and not to any other Group Benefit Features offered under the Plan.

#### **1.4 Modification**

The Plan Sponsor reserves the right to amend, modify or terminate this Policy or any part thereof with or without notice, at any time in its sole and absolute discretion. No vested rights of any nature are provided under this Policy or the Plan.

## **1.5 Employer Contribution**

The Plan Sponsor will contribute toward the premium of a health plan, administered by Fallon Health, which meets the affordability provision of the Affordable Care Act. The contribution will be based on the Steward Community Care network for employees who reside within the service area. For those employees who reside outside the Steward Community Care network, the employer affordability contribution will be based on Fallon Health's Direct Care network.

## **2. Plan Sponsor Elections**

### **2.1 Election to Use Look-Back Measurement**

The Plan Sponsor elects to use the Look-Back Measurement Method with respect to all Employees for purposes of identifying those Employees who are Full-Time Employees, which also identifies those Employees who are Eligible Employees.

### **2.2 Election of Standard Measurement Period**

The Standard Measurement Period is a 12-month period beginning each October 1 and ending the following September 30, commencing with the period beginning October 1, 2014.

### **2.3 Election of Standard Stability Period**

The Standard Stability Period is the 12-month period beginning each December 1<sup>st</sup> and ending the following November 30, commencing with the period beginning December 1<sup>st</sup>, 2015. The same Standard Stability Period applies with respect to Employees who are determined to be Full-Time Employees during the Standard Measurement Period and Employees who are determined not to be Full-Time Employees during the Standard Measurement Period.

### **2.4 Election of Standard Administrative Period**

The Standard Administrative Period is the 61-day period beginning on each October 1<sup>st</sup> and ending November 30, commencing with the period beginning October 1<sup>st</sup>, 2015.

### **2.5 Election of Initial Measurement Period**

With respect to a New Employee who is a Part-Time Employee, Variable-Hour Employee, or Seasonal Employee, the Initial Measurement Period is the 12-month period beginning on the first day of the calendar month following the New Employee's Start Date.

### **2.6 Election of Initial Stability Period**

With respect to a New Employee who is a Part-Time Employee, Variable-Hour Employee, or Seasonal Employee, except as provided in Section 3.2(b)(4), the Initial Stability Period is the 12-month period beginning on the first day of the second calendar month after the end of the Initial Measurement Period.

### **2.7 Election of Initial Administrative Period**

With respect to a New Employee who is a Part-Time Employee, Seasonal Employee, or

Variable-Hour Employee, the Initial Administrative Period means all periods of time between the Employee's Start Date and the beginning of the Employee's Initial Stability Period other than the Employee's Initial Measurement Period.

## 2.8 Taking Special Unpaid Leave Into Account

For purposes of determining an Employee's average Hours of Service during a Measurement Period, the average Hours of Service for that Measurement Period are determined by computing the average after excluding any periods of Special Unpaid Leave during that Measurement Period and by using that average as the average for the entire Measurement Period.

## 2.9 Designation of 30 Hours of Service per Week as Full-Time

Effective December 1, 2015, the number of credited Hours of Service to be considered Full-Time for a Group Medical Feature under the Plan is 30 Hours of Service per week on average for a calendar month. The monthly equivalent of 30 hours of service per week is 130 hours for a calendar month and 1560 Hours of Service for a year (or any 12 month Measurement Period). Full-Time Employee status, as determined in accordance with this Policy, relates to Group Medical Features only and not to any other Group Benefit Features offered under the Plan.

# 3. Identification of Full-Time Employees and Eligible Employees

## 3.1 Ongoing Employees

- (a) *Employees Determined to Be Full-Time.* An Ongoing Employee who is determined to be a Full-Time Employee during a Standard Measurement Period will be considered a Full-Time Employee, and thus an Eligible Employee, for each calendar month during the Standard Stability Period associated with that Standard Measurement Period.
- (b) *Employees Determined Not to Be Full-Time.* An Ongoing Employee who is determined not to be a Full-Time Employee during a Standard Measurement Period will not be considered a Full-Time Employee, and thus not an Eligible Employee, for any calendar month during the Standard Stability Period associated with that Standard Measurement Period.

## 3.2 New Employees

- (a) *New Full-Time Employees.* A New Employee who is reasonably expected at his or her Start Date to be a Full-Time Employee (and is not a Seasonal Employee) is considered a Full-Time Employee, and thus an Eligible Employee, beginning on the Employee's Start Date.
  - (1) *Factors for Determining Full-Time Status.* Although no single factor is determinative, the following factors may be relevant in determining whether a New Employee who is not a Seasonal Employee is reasonably expected at his or her Start Date to be a Full-Time Employee:
    - (A) Whether the Employee is replacing an Employee who was (or was not) a Full-Time Employee.
    - (B) The extent to which Hours of Service of Ongoing Employees in the same or comparable positions have varied above and below an average of 30 Hours of

Service per week during recent Measurement Periods.

- (C) Whether the job was advertised or otherwise communicated to the Employee or otherwise documented (for example, through a contract or job description) as requiring hours of service that would average 30 or more Hours of Service per week or less than 30 Hours of Service per week.

- (2) *Transition to Ongoing Employee.* Once a New Employee who is a Full-Time Employee has been employed for an entire Standard Measurement Period, the Employee becomes an Ongoing Employee, and the Employee's status as a Full-Time Employee and as an Eligible Employee is governed by the provisions of this Policy regarding Ongoing Employees.
- (b) *New Non-Full-Time Employees.* A New Employee who is a Part-Time Employee, Seasonal Employee, or Variable-Hour Employee is not initially considered a Full-Time Employee and will have Hours of Service measured over an Initial Measurement Period and be treated as follows:
- (1) *Full-Time After Initial Measurement Period.* If a New Employee who is a Part-Time Employee, Seasonal Employee, or Variable-Hour Employee is determined to be a Full-Time Employee during the Employee's Initial Measurement Period based on the Hours of Service credited during the Initial Measurement Period, the Employee will be considered a Full-Time Employee, and thus an Eligible Employee, for each calendar month during the Employee's Initial Stability Period.
  - (2) *Not Full-Time After Initial Measurement Period.* If a New Employee who is a Part-Time Employee, Seasonal Employee, or Variable-Hour Employee is determined not to be a Full-Time Employee during the Employee's Initial Measurement Period based on the Hours of Service credited during the Initial Measurement Period, the Employee will not be considered a Full-Time Employee, and thus not an Eligible Employee, during the Employee's Initial Stability Period, except to the extent provided under the provisions of this policy regarding Ongoing Employees.
  - (3) *Change in Status During the Initial Measurement Period.* Notwithstanding the foregoing, if a New Employee who is a Part-Time Employee, Seasonal Employee, or Variable-Hour Employee experiences a change in employment status before the end of the Employee's Initial Measurement Period such that if the Employee had begun employment in that new status the Employee would have reasonably been expected to be a Full-Time Employee (and not a Seasonal Employee or Variable-Hour Employee), the Employee will be considered a Full-Time Employee, and thus an Eligible Employee, beginning on the first day of the calendar month after the change in the Employee's employment status or, if earlier, at the beginning of the Employee's Initial Stability Period, if the Employee is determined to be a Full-Time Employee during the Employee's Initial Measurement Period.
  - (4) *Transition to Ongoing Employee.* Once a New Employee who is a Part-Time Employee, Seasonal Employee, or Variable-Hour Employee has been employed for an entire Standard Measurement Period, the Employee becomes an Ongoing Employee, and the Employee's status as a Full-Time Employee, and thus as an Eligible Employee, is governed by the provisions of this Policy regarding Ongoing Employees, but subject to the following:
    - (A) *Full-Time During the Initial Measurement Period but Not the First Standard Measurement Period.* If the Employee is determined not to be a Full-Time Employee for the Standard Measurement Period that overlaps or immediately follows the Employee's Initial Measurement Period, the Employee will continue to be considered a Full-Time Employee, and thus an Eligible

Employee, for each calendar month during the Initial Stability Period, if the Employee was determined to be a Full-Time Employee during the Employee's Initial Measurement Period.

- (B) *Full-Time During the First Standard Measurement Period but Not During the Initial Measurement Period.* If the Employee is determined to be a Full-Time Employee for the Standard Measurement Period that overlaps or immediately follows the Employee's Initial Measurement Period, the Employee will be considered a Full-Time Employee, and thus an Eligible Employee, for each calendar month during the entire Standard Stability Period associated with the Employee's first Standard Measurement Period, even though that Standard Stability Period may overlap an Initial Stability Period associated with an Initial Measurement Period during which the Employee was determined not to be a Full-Time Employee.
- (C) *Full-Time During Both the Initial Measurement Period and the First Standard Measurement Period.* If the Employee is considered a Full-Time Employee, and thus an Eligible Employee, during both the Employee's Initial Stability Period and the Employee's first Standard Stability Period, the Employee will be considered a Full-Time Employee, and thus an Eligible Employee, during any period between the end of the Initial Stability Period and the beginning of the Employee's first Standard Stability Period.

### **3.3 Employees Rehired after Termination or Resuming Service after Other Absence**

- (a) *Terminated Employees.* An Employee who is terminated and rehired will be treated as a New Employee upon rehire only if the Employee was not credited with an Hour of Service with the Employer or any member of the Controlled or Affiliated Group for a period of at least 4 consecutive weeks immediately preceding the date of rehire. For purposes of applying these rehire rules, the duration of the Period of Employment immediately preceding a period during which an Employee was not credited with any Hours of Service is determined after application to that Period of Employment of the rules on Special Unpaid Leave, if and to the extent those rules are applicable.
- (b) *Resuming Service after Other Absence.* An Employee who is not terminated, but resumes providing service to the Employer or any member of the Controlled or Affiliated Group after a period during which the Employee was not credited with an Hour of Service will be treated as having terminated employment and having been rehired as a New Employee upon the resumption of service to the Employer, in accordance with the rules and time frames set forth in Section 3.3(a).

## 4. Definitions and Interpretation

### 4.1 Definitions

For purposes of this Policy, the following terms have the following meanings:

- (a) "**Administrative Period**" means a Standard Administrative Period or an Initial Administrative Period.
- (b) "**Code**" means the Internal Revenue Code of 1986, as amended.
- (c) "**Controlled or Affiliated Group**" means the group of organizations consisting of the Plan Sponsor and any other organization that is part of a controlled group or affiliated service group with the Plan Sponsor within the meaning of Code §414(b), (c), (m), or (o).
- (d) "**Eligible Employee**" means a Benefit Eligible Employee as set forth in the Plan.
- (e) "**Employee**" has the meaning set forth in the Plan.
- (f) "**Employer**" means the Plan Sponsor and any other member of the Controlled or Affiliated Group that has adopted this Plan for the benefit of the Employer's employees.
- (g) "**Full-Time Employee**" means an Employee of the Employer who is credited with an average of at least 30 Hours of Service per week during a Measurement Period. For this purpose, 130 Hours of Service in a calendar month is treated as the monthly equivalent of at least 30 Hours of Service per week. Full-Time Employee status, as determined in accordance with this Policy, relates to Group Medical Features only and not to any other Group Benefit Features offered under the Plan.
- (h) "**Group Medical Feature**" means group medical coverage sponsored and maintained by the Employer and made available to Eligible Employees as part of the coverages offered under the Plan.
- (i) "**Hour of Service**" means (1) each hour for which an Employee is paid, or entitled to payment, for the performance of duties for the Employer, and (2) each hour for which an Employee is paid, or entitled to payment, by the Employer for a period of time during which no duties are performed due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty, or leave of absence (as defined in 29 CFR §2530.200b-2(a)).
  - (1) The term "Hour of Service" does not include any hour for services to the extent the compensation for those services constitutes income from sources without the United States, within the meaning of Code §§861 through 863 and the regulations thereunder.
  - (2) An Hour of Service for one organization is treated as an Hour of Service for all other organizations that are part of the same Controlled or Affiliated Group for all periods during which those organizations are part of the same Controlled or Affiliated Group.
  - (3) Hours of Service for all Employees are credited using actual Hours of Service from

records of hours worked and hours for which payment is made or due.

- (j) **"Initial Administrative Period"** means, with respect to a New Employee that is a Part-Time Employee, Seasonal Employee, or Variable-Hour Employee, the period described in Section 2.7 of this Policy.
- (k) **"Initial Measurement Period"** means, with respect to a New Employee that is a Part-Time Employee, Seasonal Employee, or Variable-Hour Employee, the period described in Section 2.5 of this Policy.
- (l) **"Initial Stability Period"** means, with respect to a New Employee that is a Part-Time Employee, Seasonal Employee, or Variable-Hour Employee, the period described in Section 2.6 of this Policy.
- (m) **"Look-Back Measurement Method"** means the method of identifying full-time employees for purposes of the Employer Shared responsibility provisions of the ACA that is described in Treas. Reg. §54.4980H-3(d), as amended from time to time.
- (n) **"Measurement Period"** means an Initial Measurement Period or a Standard Measurement Period.
- (o) **"New Employee"** means a newly hired Employee who has been employed for less than one complete Standard Measurement Period.
- (p) **"Ongoing Employee"** means an Employee who has been employed for at least one complete Standard Measurement Period.
- (q) **"Part-Time Employee"** means a New Employee whom the Employer reasonably expects to be employed on average less than 30 Hours of Service per week during the Employee's Initial Measurement Period, based on the facts and circumstances at the Employee's Start Date. Although no single factor is determinative, the following factors may be relevant in determining whether a New Employee is a Part-Time Employee:
  - (1) Whether the Employee is replacing an Employee who was (or was not) a Full-Time Employee.
  - (2) The extent to which Hours of Service of Ongoing Employees in the same or comparable positions have varied above and below an average of 30 hours of service per week during recent Measurement Periods.
  - (3) Whether the job was advertised or otherwise communicated to the new hire or otherwise documented (for example, through a contract or job description) as requiring hours of service that would average 30 (or more) Hours of Service per week or less than 30 Hours of Service per week.

The anticipated length of the New Employee's Period of Employment shall not be considered.

- (r) **"Period of Employment"** means the period of time beginning on the first date for which an Employee is credited with an Hour of Service for an Employer or any member of the Controlled or Affiliated Group and ending on the last date on which the Employee is credited with an Hour of Service for that Employer or any member of the Controlled or Affiliated

Group, both dates inclusive. An Employee may have one or more Periods of Employment with the same Employer.

- (s) **"Plan"** means the RSIG Security Employee Benefit Plan (Plan No. 501).
- (t) **"Plan Sponsor"** means RSIG Security.
- (u) **"Policy"** means this Policy for Identifying Full-Time Employees and Eligible Employees, as amended and in effect from time to time.
- (v) **"Seasonal Employee"** means a New Employee who is hired into a position for which the customary annual employment is six months or less, occurring at approximately the same time each year, and which is designated as a seasonal position by the Employer in its sole and absolute discretion.
- (w) **"Special Unpaid Leave"** means unpaid leave that is subject to FMLA, subject to USERRA, or on account of jury duty.
- (x) **"Stability Period"** means either a Standard Stability Period or an Initial Stability Period.
- (y) **"Standard Administrative Period"** means the period described in Section 2.4 of this Policy.
- (z) **"Standard Measurement Period"** means the period described in Section 2.2 of this Policy.
- (aa) **"Standard Stability Period"** means the period described in Section 2.3 of this Policy.
- (bb) **"Start Date"** means the first date on which an Employee is credited with an Hour of Service with the Employer or a member of the Controlled or Affiliated Group.
- (cc) **"Variable-Hour Employee"** means a New Employee if, based on the facts and circumstances at the Employee's Start Date, the Employer cannot determine whether the Employee is reasonably expected to be employed on average at least 30 Hours of Service per week during the Initial Measurement Period because the Employee's hours are variable or otherwise uncertain. For purposes of determining whether an Employee is a Variable-Hour Employee, the Employer may not take into account the likelihood that the Employee may terminate employment before the end of the Initial Measurement Period. Although no single factor is determinative, the following factors may be relevant in determining whether a New Employee is a Variable-Hour Employee:
  - (1) Whether the Employee is replacing an Employee who was a Full-Time Employee or a Variable-Hour Employee.
  - (2) The extent to which the Hours of Service of employees in the same or comparable positions have actually varied above and below an average of 30 hours of service per week during recent Measurement Periods.
  - (3) Whether the job was advertised or otherwise communicated to the new Employee or otherwise documented (for example, through a contract or job description) as requiring hours of service that would average at least 30 hours of service per week, average less

than 30 hours of service per week, or might vary above and below an average of 30 hours of service per week.

**4.2 Terms Defined in the Plan**

Capitalized terms not specifically defined in this Policy have the meanings set forth in the Plan.

**4.3 Interpretation of Terms**

Whenever the context may require, (a) any pronoun used in this policy includes the corresponding masculine, feminine, or neuter forms, and (b) the singular form of nouns, pronouns, and verbs includes the plural and vice versa.

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