



# MOUNTAINS RECREATION & CONSERVATION AUTHORITY

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## MEMORANDUM

TO: The Governing Board

FROM:  Joseph T. Edmiston, FAICP, Hon. ASLA, Executive Officer

DATE: January 7, 2015

SUBJECT: **Agenda Item VII(k): Consideration of resolution adopting safe harbors under the Patient Protection and Affordable Care Act (ACA).**

Staff Recommendation: That the Governing Board adopt the attached resolution authorizing adopting safe harbors under the Patient Protection and Affordable Care Act (ACA).

Background: The ACA, which was enacted in 2010, requires that the District offer “substantially all” of its full-time employees (and their dependents) the opportunity to acquire affordable medical insurance that meets a minimum essential coverage threshold. If the District does not do so, penalties may be assessed.

For purposes of the ACA, a “full-time employee” is one who works 30 or more hours a week.

The regulations provide two methods for making this determination: the monthly measurement method and the look-back measurement method. The Mountains Recreation and Conservation Authority (MRCA) intends to use the Look Back Measurement Method Safe Harbor to determine the full-time status of its employees. This method allows for averaging the hours worked over an entire year (the look back period), which smooths out seasonal fluctuations,

For purposes of the ACA, “affordable” is defined as each employee’s required monthly contribution being no more than 9.5% of his/her pay. The regulations provide that one of three affordability safe harbors may be used for this calculation:

1. The W-2 Safe Harbor employer may calculate affordability based solely on the wages paid to the employee by that employer as reported in Box 1 of the W-2 of the current year;

2. The Rate of Pay Safe Harbor coverage is affordable if the employee's required contribution for the month for the lowest cost self-only coverage does not exceed 9.5% of an amount equal to 130 hours times the lower of the employee's hourly rate of pay as of the first day of the coverage period or the employee's lowest hourly rate of pay during the calendar month; and
3. The Federal Poverty Line Safe Harbor coverage is affordable if the employee's required contribution for the month does not exceed 9.5% of the monthly amount determined as the federal poverty line for a single individual for the applicable calendar year, divided by 12.

Although the District currently contemplates using the Rate of Pay Safe Harbor, the law provides that all three may be used.

The attached resolution adopts the safe harbors for use by the MRCA as it implements the ACA.