

Client Training HQ

Helping Better Understand and Apply Reclassifications in ACAMS

Overview

This document overviews the four types of reclassifications and how to view them in ACAMS.

Regulations Overview

Under ACA regulations, every employee's full-time/part-time (FT/PT) status must be determined by one of two measurement methods: **lookback** or **monthly**. Employers are permitted to utilize employee categories to assign different measurement methods and/or different lookback measurement dates to certain segments of employees (Source: [irs.gov](https://www.irs.gov)).

For purposes of determining eligibility under ACA, specific rules must be applied when an employee experiences a change in employment status that moves them from one category to another. In ACAMS, these changes are referred to as "reclassifications." The following four types of reclassifications can occur:

1. Lookback to Monthly
2. Monthly to Lookback
3. Designation Change Only
4. Lookback to Lookback

The impact of a reclassification on an employee's eligibility depends on (1) the type of reclassification, (2) the timing of the reclassification, and (3) the outcome of any lookback measurements that were in progress when the change occurred.

Reclassifications in ACAMS

The information below overviews how each reclassification is handled in ACAMS.

Lookback to Monthly

Lookback measurements completed before the reclassification occurred will be honored for the entire associated stability period. Additionally, lookback measurements that were in progress when the reclassification occurred will only be honored if the outcome is full-time.

Lookback to monthly reclassification will occur when an employee experiences a change in status that results in a transfer from an employee category associated with the lookback method to an employee category associated with the monthly method.

Guidelines for the Lookback to Monthly measurement method are:

- If the employee is in an **administration or stability period** when the reclassification occurs, their full-time or part-time status earned during the associated measurement period will be honored for the entire stability period.
- The lookback period that was **in measurement** when reclassification occurs must continue to be measured through its completion and:
 - If the resulting determination is full-time, the employee must be treated as full-time for the entire associated stability period. In all subsequent months, the employee's full-time status will be determined by the monthly measurement method.
 - If the resulting determination is part-time, the stability period will be cancelled and the employee's full-time status during the stability period and all subsequent months will be determined by the monthly measurement method.

Monthly to Lookback

A switch from the monthly to lookback measurement method will occur when an employee experiences a change in status that results in a transfer from an employee category associated with the monthly method to an employee category associated with the lookback method.

Note: Employees that are reclassified from monthly to lookback will not be measured under an Initial Measurement Period as IMPS cannot be applied retroactively.

Guidelines for the Monthly to Lookback measurement method are:

The employee will be **retroactively measured under the first applicable Standard Measurement Period (SMP)** (including hours earned in both positions will be included in the measurement), and

- If **the retroactive measurement results in a full-time determination** for a stability period that is already in progress, the full-time status will apply for the remainder of the stability period.
- If **the retroactive measurement results in a part-time determination** for a stability period that is already in progress, or if **the individual has not been employed for an entire SMP** when the reclassification occurs, the employee's full-time status will continue to be determined by the monthly measurement until the start of the next complete stability period.

Designation Change Only

A designation change occurs when an employee experiences a change from a non-full-time designation to a full-time designation* (or vice-versa) within a single employee category associated with the lookback method.

Note: If the employee is measured under the monthly measurement method, this type of change is immaterial.

Guidelines for the designation change only are:

- If the employee is **in administration or stability** when the reclassification occurs, this type of reclassification is immaterial; the prior determination will be honored for the duration of the stability period and the employee will continue to be measured under the lookback method for future stability periods.

- If the employee is reclassified from non-full-time to full-time **in their Initial Measurement Period**, the employee must be offered coverage by **the earlier of**:
 - The 1st day of the 4th month following the reclassification
 - The 1st day of the Initial Stability Period **if the Initial Measurement Period resulted in a full-time determination**
 - Meanwhile, **if the Initial Measurement Period results in a part-time determination**, the employee will be measured monthly until they complete a full Standard Measurement Period.

*"Non-full-time" designations include employees with an ACA Employee Designation of part-time, seasonal, or variable.

Lookback to a Different Lookback

The change from a lookback to a different lookback occurs when an employee experiences a change in status that results in a transfer from an employee category associated with the lookback method to an employee category associated with a different lookback measurement (e.g., different Standard Measurement Period dates).

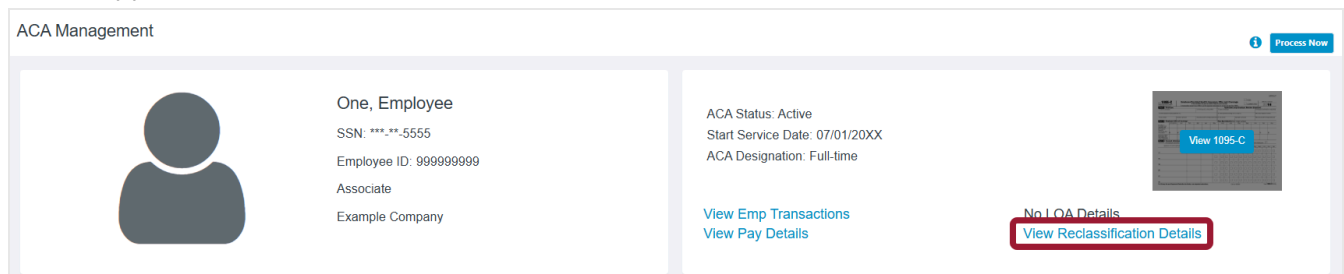
Guidelines for Lookback to a different Lookback are:

- If the employee is **in an administration or stability period** when the reclassification occurs, their full-time or part-time status earned during the associated measurement period will be honored for the entire stability period.
- All future determinations will be based on the lookback dates associated with the new position:
 - Hours earned in both positions will be included in the measurement.

Viewing Reclassifications in ACAMS

Employee Profile

1. In ACAMS, select **Employees** from the left navigation menu.
2. Utilize the Search field to search for the employee by name, SSN, or Employee ID, or select **View all Employees** to select an employee from the list.
3. Select **View Profile** to view the relevant employee.
4. Then, select **View Reclassification Details** to view the reclassifications. A window will appear with the reclassification details.



Images are examples and for information purposes only. They may vary across platforms and are subject to change.

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