



HCTT 2016-50: Why Employers Need to Count Employees

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Why Employers Need to Count Employees

It's important to know how many full-time employees you have because two provisions of the Affordable Care Act – employer shared responsibility and employer information reporting for offers of minimum essential coverage – apply only to applicable large employers. Employers average the number of their full-time employees, including full-time equivalents, for the months from the previous year to see whether they are considered an applicable large employer.

Whether your organization is an ALE for a particular calendar year depends on the size of your workforce in the preceding calendar year. To be an ALE, you must have had an average of at least 50 full-time employees – including full-time-equivalent employees – during the preceding calendar year. So, for example, you will use information about the size of your workforce during 2016 to determine if your organization is an ALE for 2017.

In general:

- **A full-time employee** is an employee who is employed on average, per month, at least 30 hours of service per week, or at least 130 hours of service in a calendar month.

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- **A full-time equivalent employee** is a combination of employees, each of whom individually is not a full-time employee, but who, in combination, are equivalent to a full-time employee.
- **An aggregated group** is commonly owned or otherwise related or affiliated employers, which must combine their employees to determine their workforce size.

There are many additional rules on [determining](#) who is a full-time employee, including what counts as hours of service.

For more information, see the [Information Reporting by Applicable Large Employers](#) and the [Employer Shared Responsibility Provisions](#) pages on [IRS.gov/aca](#).

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