



Affordable Care Act

Annual

“Applicable Large Employer” Test

- ✓ A **Small Employer** is one that does not meet the definition of “Applicable Large Employer” under the ACA Employer Shared Responsibility rules.
- ✓ ACA defines “**Applicable Large Employer**” (**ALE**) as an employer that employed *an average of at least 50 Full-Time Equivalent Employees (FTEs)* during the 12 months of the prior calendar year.
- ✓ If average is 50 or greater, then you are an “Applicable Large Employer”.
- ✓ If the average is less than 50, then you are a Small Employer for IRS Reporting Purposes.
- ✓ Test must be completed each year to determine status for following year.

2023 ANNUAL APPLICABLE LARGE EMPLOYER (ALE) TEST

“Applicable Large Employer” is an employer that employed *an average of at least 50 Full-Time Equivalent Employees (FTEs)* during the prior calendar year (2022):

Use full 12 months of 2022 to calculate ALE Status for 2023!



- **Full-Time Employees (FT):**
those averaging at least 30 hours of service per week, or 130 hours per month
- **Full-Time Equivalent Employees (FTEs):**
the total number of service hours in a month (up to 120 per employee) by all non-full-time employees, divided by 120



ALE Calculation

Monthly Calculation:

Full-Time Employees
+ Full-Time Equivalent Employees
= Total FTEs

*For the **annual average**, add monthly totals and divide by # of months used*

Contact your attorney or tax advisor for guidance



APPLICABLE LARGE EMPLOYER (ALE) WORKSHEET for ACA Purposes

“Applicable Large Employer” (ALE) is an employer that employed an average of at least 50 Full-Time Equivalent Employees (FTE’s) during the **prior calendar year**. **To determine 2023 ALE status, you must use the 12 calendar months of 2022.**

STEP 1 COUNT NUMBER OF FULL-TIME EMPLOYEES (by month)

Full-time employee is an employee who averages at least 30 hours of service per week or 130 hours in a calendar month. Count all employees including seasonal employees.

	Full-Time Employees
JANUARY	
FEBRUARY	
MARCH	
APRIL	
MAY	
JUNE	
JULY	
AUGUST	
SEPTEMBER	
OCTOBER	
NOVEMBER	
DECEMBER	
TOTAL FULL-TIME EMPLOYEES	0

STEP 2 DETERMINE NUMBER OF Full-Time Equivalents (FTEs) for PART-TIME EMPLOYEES (by month)

Count the aggregate total hours of service for all non-full-time employees (but not more than 120 hours for any employee, per month) and divide by 120.

	Aggregate Hours	Divide by 120 hrs	FTEs
JANUARY		÷ 120 =	0
FEBRUARY		÷ 120 =	0
MARCH		÷ 120 =	0
APRIL		÷ 120 =	0
MAY		÷ 120 =	0
JUNE		÷ 120 =	0
JULY		÷ 120 =	0
AUGUST		÷ 120 =	0
SEPTEMBER		÷ 120 =	0
OCTOBER		÷ 120 =	0
NOVEMBER		÷ 120 =	0
DECEMBER		÷ 120 =	0
TOTAL FTEs			0

STEP 3 **ADD TOTAL OF FULL-TIME + FTEs** **0** (Add Total Step 1 + Step 2)

STEP 4 **DIVIDE BY 12 (or number of months)** **0** * Round down if fractional

If the number in Step 4 is less than 50, then you are NOT an Applicable Large Employer.

If the number is 50 or more then you are an ALE.

**This worksheet is intended for general information only and is not intended as and does not constitute legal or tax advice. The worksheet provides a basic overview and tool to assist Member Groups in determining Applicable Large Employer status under the Affordable Care Act. Additional rules and exceptions may apply in specific circumstances. Questions regarding your specific circumstances should be addressed to your legal, tax or other professional advisers.*