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EXECUTIVE OFFICE OF LABOR AND WORKFORCE DEVELOPMENT  
DEPARTMENT OF UNEMPLOYMENT ASSISTANCE

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## **Updates in Employer Health Care Contributions and Experience Rate Schedule Adjustments for 2018 - 2019**

### **I. Recent Changes in the Law**

An Act Further Regulating Employer Contributions to Health Care, was passed and signed into law in August 2017. The law temporarily changes the existing employer medical assistance contribution, creates a temporary supplemental contribution and modifies the unemployment insurance rate schedule. The updated contributions are effective for wages paid beginning January 1, 2018 and are time limited, expiring at the end of calendar year 2019. The modifications include:

- A decrease in the scheduled unemployment insurance experience rate
- A temporary increase in the existing Employer Medical Assistance Contribution (EMAC)
- A temporary supplemental contribution for employers with employees covered under MassHealth (the Massachusetts Medicaid program) or subsidized coverage through the ConnectorCare program

### **II. Background**

In recent years, Massachusetts has seen a shift in health care coverage from employer-sponsored insurance to publicly-subsidized coverage, increasing the cost to taxpayers. Since 2011, commercial coverage declined by more than 450,000 individuals due to a variety of reasons including: rising commercial health insurance costs; changes in employer sponsored insurance, implementing requirements associated with the Affordable Care Act (ACA); and regulatory landscape changes. During this same period of time, MassHealth enrollment increased by over 500,000 individuals, despite a stable population, low unemployment, and a high rate of health care coverage. The shift from commercial coverage to public coverage has contributed to significant growth in MassHealth spending.

The Administration has proposed a comprehensive package of reforms to attain a sustainable MassHealth program that are currently under review by the legislature. The time-limited increase in the Employer Medical Assistance Contribution and additional supplement will help to offset the costs for employees on subsidized coverage while longer-term reforms are established and implemented.

### **III. The Employer Medical Assistance Contribution and The Employer Medical Assistance Supplement:**

#### **a. The Employer Medical Assistance Contribution**

The Employer Medical Assistance Contribution (EMAC) was created in 2014 after the repeal of the Massachusetts Fair Share Contribution (FSC) requirement. EMAC applies to employers with more than

five employees in Massachusetts and applies regardless of whether the employer offers health coverage to its employees.

- The current EMAC contribution rate is 0.34% up to the annual wage cap of \$15,000, with a potential maximum cost of \$51 per employee per year.
- For the wages paid in the years 2018 and 2019, the EMAC contribution will increase to 0.51% up to the annual wage cap of \$15,000, which increases the potential maximum cost per employee to \$77 per employee per year.

#### **b. The Employer Medical Assistance Supplement**

The Employer Medical Assistance Contribution Supplement applies to employers with more than five employees in Massachusetts, whose non-disabled employees obtain health insurance either from MassHealth (excluding the premium assistance program) or subsidized coverage through the Massachusetts ConnectorCare program. The non-disabled employee must be enrolled in Mass Health (excluding the premium assistance program) or subsidized coverage through the Massachusetts ConnectorCare program for more than eight weeks during the quarter. The contribution is 5% of annual wages for each non-disabled employee, up to the annual wage cap of \$15,000, for a maximum of \$750 per affected employee per year. The contribution does not apply to employees who earn less than \$500 in wages per quarter. The contributions collected will help offset the Commonwealth's cost of providing health insurance to your employees. This supplemental contribution only applies to those employees on state-subsidized coverage.

#### **IV. Premium Assistance Program**

The MassHealth Premium Assistance Program can help employees remain on or join their employer-sponsored health plan through direct premium assistance payments. Note that employees enrolled in MassHealth's Premium Assistance program will not subject their employer to the contribution detailed above. More information for employers and employees who are interested in utilizing this program can be found at <https://www.mass.gov/service-details/other-health-insurance-and-masshealth-premium-assistance> , or by calling the Premium Assistance Hotline at 1-800-862-4840.

#### **V. Health Connector for Business**

The Massachusetts Health Connector has launched a new shopping platform for small businesses with fewer than fifty employees. This new platform brings state of the art tools to employers, brokers, and workers, making it easier than ever for small businesses to offer health insurance to their employees. Small businesses have the power to control costs and offer significant flexibility to employers and employees, in an easy-to-use format. To learn more please visit [www.mahealthconnector.org/business](http://www.mahealthconnector.org/business) .

#### **VI. Experience Rate Schedule Changes:**

To offset costs of the updated contribution, modifications were made to the unemployment insurance schedule, effectively reducing scheduled increases to employer contributions for 2018 and 2019. The previously scheduled automatic jump from schedule "C" to schedule "F" will be replaced with the following:

- The experience rates for calendar year 2018 will be a one level increase to schedule "D", and,
- The experience rate for calendar year 2019 will be another one level increase to schedule "E."

**For answers to frequently asked questions please visit: <https://www.mass.gov/service-details/updates-in-employer-health-care-contributions-and-experience-rate-schedule>**