

Client Alert

Massachusetts Temporarily Increases Employer Health Care Assessments

On August 1, Massachusetts Governor Charlie Baker signed into law [H.3822](#), which increases the existing Employer Medical Assistance Contribution (EMAC) and imposes a new assessment on employers with employees covered under MassHealth, the Commonwealth's Medicaid program. The increased EMAC and new MassHealth assessment are effective for 2018 and 2019 and are intended to sunset after 2019.

The new employer assessments were initially coupled with eligibility reforms to the MassHealth program that were intended to reduce enrollment growth. Massachusetts lawmakers ultimately rejected the reforms and returned legislation to the Governor with the assessments still in place. The assessments are intended to be offset by a reduction in the increase of unemployment insurance rates over that same period. The unemployment insurance relief is estimated to save employers \$334 million over the next two years.

The EMAC is relatively new itself, having been created in 2014 after the repeal of Massachusetts' "fair share" employer contribution. The EMAC applies to employers with more than five employees in Massachusetts and applies regardless of whether the employer offers health coverage to its employees. Currently, the EMAC is .34% up to the annual wage cap of \$15,000, which caps out at \$51 per employee per year. For 2018 and 2019, it will increase to .51%, or \$77 per employee per year. The EMAC increase is expected to raise \$75 million in revenue in 2018.

The MassHealth assessment also applies to employers with more than 5 employees in Massachusetts. Under this assessment, employers must pay 5% of annual wages for each non-disabled employee who obtains health insurance coverage from MassHealth (excluding the premium assistance program) or subsidized coverage through the Massachusetts Health Insurance Connector (Massachusetts' ACA Marketplace), up to the annual wage cap of \$15,000, or \$750 per affected employee per year. The MassHealth assessment is expected to raise \$125 million in revenue in 2018. Together the two assessments still leave a shortfall of at least \$200 million in projected MassHealth funding.

Next Steps

The law directs the Department of Unemployment Assistance (DUA) and the Connector to promulgate regulations to implement the new assessments, which will include specifics such as the number of days an employee must be receiving subsidized coverage to trigger the assessment. In the meantime, employers can begin to budget for the increased EMAC contribution and, if they have employees enrolled in MassHealth or receiving subsidized Connector coverage, the MassHealth assessment as well.

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