

New Massachusetts Employer Health Care Fees and Fines Effective Immediately; \$200 Million to Help Pay for MassHealth

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You should be aware that earlier this month, Governor Charlie Baker signed into law a measure that imposes **new fees and fines on employers with 6 or more employees; the law was made effective immediately**, although the fees and fines are temporary and scheduled to end in two years.

This law has been implemented to help offset the State's anticipated \$300 Million increase in costs for MassHealth (Massachusetts' Medicaid program). Under the ACA, MassHealth enrollment surged as employees with access to employer sponsored health care, not previously eligible for MassHealth, became eligible provided they qualified under certain income guidelines. This increase in enrollment and ongoing overall increases in health care costs threaten the future of MassHealth.

The following fees and fines are expected to cover \$200 Million of the anticipated increase, helping to stabilize the program in the short-term:

- **Increased Employer Medical Assistance Contribution (EMAC) Maximum; to a \$71 per employee per year, from \$51.** EMAC subsidizes health care costs for low income individuals and is paid and filed quarterly with the Department of Unemployment Assistance (DUA) via an employment wage report.
- **New Fine up to \$750 per employee electing MassHealth or subsidized coverage instead of employer-sponsored coverage.**

These new fees and fines clearly create immediate additional liabilities for employers, but do little to tackle the ever increasing cost of health care as a whole in the Commonwealth. In signing this bill into law, Governor Baker's intent is to allow the legislature to begin focusing on reforms to control future health care costs and stabilize MassHealth for the long-term. All of this comes amid continued uncertainty with respect to the future of the ACA.

As always, contact any member of the [Sullivan Benefits](#) Team with any questions, comments or requests for more information.

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