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Draft Regulations on Employer Health Care Assessment Released

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The Massachusetts Department of Unemployment Assistance has released **draft regulations** changing the existing Employer Medical Assistance Contribution (EMAC), creating a temporary supplemental contribution, and modifying the unemployment insurance rate schedule. These regulations were issued pursuant to *An Act Further Regulating Employer Contributions to Health Care,* which was passed and signed into law in August 2017.

The central modifications detailed in the draft regulations are the following:

- *EMAC Increase:* In 2018 and 2019, the EMAC contribution per employee will increase to 0.51% of the employee's wages each year from the current rate of 0.34% up to the annual wage cap of $15,000 per employee. This increases the potential maximum cost to $77 per employee per year from the current $51 per employee per year.
- *Employer Medical Assistance Supplement:* Employers with more than five employees in Massachusetts whose non-disabled employees obtain insurance from MassHealth (excluding the premium assistance program) or subsidized coverage through the ConnectorCare program are required to pay 5% of annual wages for each employee up to the annual wage cap of $15,000, for a maximum of $750 per affected employee per year.
- *Rate Schedule Change:* Modifications were made to the unemployment insurance schedule to offset the costs of the updated EMAC contribution. The previously scheduled automatic jump from schedule "C" to schedule "F" will be replaced with one of the following: the experience rates for 2018 will be a one level increase to schedule "D," and the experience rates for 2019 will be another one level increase to schedule "E."

The EMAC increase and supplement rate will be in effect for wages paid beginning January 1, 2018, through the end of calendar year 2019. Employers will see the change on their first quarter statements in April 2018.

The assessments are being levied to create a new source of revenue to pay for rising MassHealth costs and are projected to generate $200 million in revenue in FY2018. The legislature and the Baker Administration are considering longer-term proposals to attain a more sustainable level of MassHealth spending.

The Department of Unemployment Assistance will be conducting listening sessions in locations around the state beginning the week of November 13 before finalizing the regulations. A complete schedule of the listening sessions can be found **here**.

ML Strategies will continue to monitor and report issues relevant to employers periodically throughout the legislative session.

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