



Massachusetts Taxpayers Foundation



July 7, 2017

Dear Legislator:

The undersigned employer groups, representing businesses from all sectors, of all sizes and from all parts of the Commonwealth oppose the final budget plan calling for a new health assessment on employers without significant reforms to manage the cost of health care.

Employers have been willing to support a temporary assessment contingent upon adoption of a larger package that includes long-term changes to the MassHealth program and vital reforms to the private insurance market. Without these reforms, the state budget and the state economy will continue to buckle under the weight of health care cost growth. On its own, the employer assessment negatively impacts thousands of businesses around the state. That impact is only acceptable as one part of a broader package that begins to address underlying health care costs.

For too long, the notion of “shared responsibility” in health care has been bandied about while the primary stakeholder stepping up to the plate time and again is the employer community.

- In 2006, when Massachusetts enacted its initial landmark health care reform law, employers agreed to the expansion of coverage first with the understanding that cost containment would soon follow. It has not.
- Despite enactment of two subsequent health care cost containment laws, there has not been a reduction in health care costs or even sufficient moderation of the cost growth trend, particularly for small businesses. In fact, the health care cost growth benchmark has been exceeded in two of the last three years. Because there is no penalty, it is merely an aspirational target.
- In contrast, employers have shouldered very real responsibilities. Under Chapter 58, employers were subject to several new financial and administrative requirements including the fair share assessment, a HIRD disclosure requirement, a mandated Section 125 offering and a free-rider surcharge. Employer sponsored insurance costs also increased as more employees signed up for coverage as a result of the individual mandate.
- In the latest proposal, every employer in Massachusetts will see their employer medical assistance contribution (EMAC) increase in order to provide money for the state’s Medicaid program, regardless of whether their employees utilize this program. In addition, those employers whose employees utilize MassHealth or subsidized care through the Connector will

- be subject to an additional percentage increase on the first \$15,000 of income, up to a maximum assessment of \$750 for each utilizing employee.

Further delays to meaningful health care cost reforms are unacceptable and unwise. The Commonwealth must not lose sight of this urgent need for MassHealth and commercial health insurance reforms and we call for the rapid approval of the reform package in its entirety by the end of July. Without reform, the costs of MassHealth are unsustainable and put more strain on the state budget. Potential repeal of the ACA at the federal level and the capping of federal Medicaid reimbursements to the state make the need for action even more imperative.

Sincerely,



Rick Lord, President
Associated Industries of
Massachusetts



JD Chesloff, President
Massachusetts Business
Roundtable



Chris Anderson
President
Massachusetts High
Technology Council



Bob Luz, President
Massachusetts
Restaurant
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Eileen McAnney,
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Jon B. Hurst, President
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