

GOVERNOR PATRICK FILES LEGISLATION TO FREEZE UNEMPLOYMENT INSURANCE RATES, LOWER HEALTH INSURANCE CONTRIBUTIONS FOR EMPLOYERS

Legislation will help align state health programs with Affordable Care Act to maintain quality, affordable care

BOSTON - Tuesday, January 8, 2013 – Governor Deval Patrick today filed legislation that will lower business costs and encourage job growth by freezing unemployment insurance rates for employers and reducing or eliminating the contributions they make to fund health care programs for low-income residents. Today’s announcement, which was cheered by members of the business community, is part of a series of reforms the Patrick-Murray Administration is proposing to make government work better.

“This common sense legislation is good for businesses and good for the Commonwealth,” said Governor Patrick. “Our people need jobs and these further measures will help employers create those jobs.”

“We want all businesses to succeed in Massachusetts, and this legislation proposes resources that will provide relief and a supportive business climate for companies across the state,” said Lieutenant Governor Timothy Murray.

Governor Patrick’s legislation will:

Freeze the UI Contribution Rate

- Freezing the employer Unemployment Insurance (UI) contribution for 2013 at “E” will save employers an estimated \$500 million. This marks the fourth year in a row that Governor Patrick has advocated for freezing the UI rate in order to provide economic relief to employers. If passed, the Patrick-Murray Administration and the Legislature will have saved employers approximately \$1.7 billion over the last four years alone. Even with the freeze, the Unemployment Insurance Trust Fund balance will end 2013 with approximately \$600 million dollars.

Eliminate the Fair Share Contribution Program and Medical Security Program

- Effective June 30, 2013, the legislation will eliminate the Fair Share Contribution Program. The Fair Share Contribution program was established under the Commonwealth’s 2006 health care reform law and mandates that employers with 11 or more full-time equivalent employees (FTE) make a “fair and reasonable” contribution toward the health care costs of its full-time workers, or pay a \$295 per FTE assessment. The federal Affordable Care Act (ACA) has a similar policy for employers with over 50 employees, effective in 2014, that could result in double-penalties if the two policies were to coexist.

- By eliminating the Fair Share Program, this bill will save significant administrative costs for Massachusetts employers; allow time to prepare for the implementation of the ACA provision; and ensure the state is streamlining possibly duplicative programs and assessments.
- The legislation will also eliminate the Medical Security Program (MSP) by the end of this calendar year. MSP provides qualifying individuals receiving unemployment insurance benefits health care coverage. Like the Fair Share Program, MSP will no longer be necessary under the ACA.
- Through the ACA, individuals currently enrolled under MSP will be able to access subsidized health coverage through our existing state insurance programs like MassHealth and those offered at the Health Connector.

Continue to Maintain Quality Health Care, Employer Contribution

- In order to ensure employers are contributing their share to maintain quality, affordable health care for all residents, the legislation creates an “employer responsibility contribution” for employers which will, starting in 2014, help finance the cost of subsidized care for low-income residents. Unlike previous programs, the employer responsibility contribution will be streamlined, efficient and less burdensome for both small and large businesses. This contribution will be lower than the current employer assessment funding level for the Medical Security Program. By retooling this contribution, the Commonwealth maintains an original tenet of the 2006 health care reform law – that everyone has a stake in its success - and continues the Commonwealth’s commitment to quality, affordable care for all residents.

“Today, this Administration struck the right balance between supporting Massachusetts employers and ensuring the fiscal stability of both our UI Trust Fund and subsidized health care insurance programs,” said Joanne F. Goldstein, Secretary of the Executive Office of Labor and Workforce Development.

Governor Patrick is committed to maintaining a strong business climate in Massachusetts for businesses to expand and grow. On Monday, Governor Patrick announced legislation to streamline and improve the licensing process and business climate for thousands of professional licensees throughout Massachusetts. The legislation is part of the Patrick-Murray Administration’s comprehensive regulatory reform effort to conduct a fresh analysis of existing regulations and determine what still makes sense in the 21st century. To date, the unprecedented effort has removed unnecessary barriers to starting a small business, enhanced efficiencies of state government operations and aligned state practices with widely accepted national models or best practices.

Supportive Quotes:

“Since 2009 I have worked closely with the Administration on the issues involved with the Fair Share contribution and its effects on businesses in the Commonwealth,” said Senator Michael Moore. “We have already passed many reforms to support our small business community and I am very pleased that the Governor has submitted this critical piece of legislation to address these concerns.”

"For the past six years, Governor Patrick has demonstrated his commitment to support small businesses and create jobs for our residents," said Rep. Linda Dorcena Forry, the House Chair of the Joint

Committee on Community Development and Small Business. “These initiatives are just one more example of positive changes he has made, in partnership with the legislature, to ensure Massachusetts remains a top place to do business.”