



## e-Alert: Massachusetts Implements Employer Penalties for Employees Receiving Medicaid

On August 1, 2017, Massachusetts enacted a new law intended to help fund MassHealth, the state's Medicaid program. The new law temporarily:

- Increases the existing Employer Medical Assistance Contribution amount
- Imposes an employer penalty for each employee who has subsidized health coverage through MassHealth or the State Exchange instead of the employer's plan.

This new law, which took effect immediately, applies to MA employers with six or more employees. **These new provisions apply only through the 2019 calendar year.**

### Action Steps

Employers should prepare to pay the new assessment under the law, in addition to existing EMAC amounts. Employers also should review their current health plan and related employee communications to ensure that the eligible employees are informed and able to enroll in employer-sponsored coverage.

### Background

Beginning in 2014, MA enacted an Employer Medical Assistance Contribution (EMAC) to help fund subsidized health coverage for low-income residents. Employers with six or more employees are subject to the EMAC requirements.

In light of increasing MassHealth enrollment over the past few years, MA Governor Charlie Baker expressed concern that some employers were encouraging employees to waive employer sponsored coverage in favor of enrolling in MassHealth coverage. The new law, entitled "An Act Further Regulating Employer Contributions to Health Care" (the Act) is intended to discourage this practice, as well as to help fund the MassHealth program.

**Effective January 1, 2018 through calendar year 2019, the Act imposes a temporary employer penalty of up to 5 percent of the employee's wages for each non-disabled employee who receives subsidized health coverage through MassHealth or the Massachusetts Exchange, instead of enrolling in employer-sponsored coverage.**

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