



Leadership is our business

Associated Industries of Massachusetts
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March 16, 2017

Members of the Great and General Court
State House
Boston, Massachusetts 02108

RE: AIM response to coalition letter regarding the fair share contribution proposal

Dear Members of the House and Senate:

The 4,000 employer members of Associated Industries of Massachusetts (AIM) are compelled to rebut the gross inaccuracies contained in a recent letter regarding Governor Baker's proposed health-care assessment. The letter was from health-care advocates and health-care related unions, many of whom benefit financially from the Medicaid program.

The letter asserts that the so-called "fair share" assessment is necessary to prevent irresponsible employers from "shirking" their responsibility to provide affordable health-insurance coverage for their workers.

That assertion is wrong.

The assessment would fall largely on employers who provide comprehensive coverage that meets all current standards set by state and federal regulation. Many of the employers who would be caught up in the assessment have **no workers** in the MassHealth system.

The problem is that some seemingly comprehensive coverage does not meet the thresholds set by the new proposal. The minimum enrollment threshold of 80 percent does not consider situations in which employees decline an offer of employer coverage in favor of enrolling in coverage held by a spouse, parent, veteran, or someone with a Medicare plan. None of these options places a financial burden on the MassHealth system, yet this "fair share" assessment imposes a \$2,000 tax per employee on the number of workers representing the gap between a company's take-up rate and 80 percent.

The proposal also includes a new definition of FTE, one that applies new and confusing thresholds on small businesses and one that disproportionately affects employers with seasonal or part-time employees. When that definition is applied to the threshold of a \$4,950 contribution level, the potential financial impact is alarming. The system would perversely penalize an employer for negotiating favorable health-insurance premium rates for employees.

The assessment for violating the contribution threshold could force countless small companies out of business in the face of fines reaching tens of thousands of dollars quarterly. According to analysis provided by the Massachusetts Taxpayers Association, the annualized revenue from the assessment could top \$700 million.

The available data upon which the administration based its proposal does not support a one-to-one correlation between a drop in employer-sponsored coverage and increased MassHealth enrollment since 2014. The truth is that the majority of employers in Massachusetts provide comprehensive health insurance to their workers, a major contribution toward our commonwealth's uninsured rate of 2.8 percent.¹

Massachusetts employers have been dedicated partners in the development and implementation of the 2006 universal health care law and reforms. To suggest otherwise is revisionist and inaccurate. The only way we can hope to understand the problems we face is to be realistic about their scope and genuinely mindful of the consequences of any proposals, especially those that will harm responsible employers who are already doing the right thing.

Sincerely,

A handwritten signature in black ink that reads "John R. Regan". The signature is written in a cursive, flowing style with a large initial "J" and "R".

John R. Regan
Executive Vice President
Government Affairs

¹ Source: United States Census Bureau, September 2016.