

Health System Reform

Mass. Gov. to Business: Offer Health Insurance or Face Fine

Massachusetts Gov. Charlie Baker (R) has again proposed fining businesses that fail to offer their workers health insurance.

Baker attached the proposal as an amendment to a \$39.4 billion budget bill he signed July 17, together with a plan for significant reforms to Medicaid and a prohibition on raising health insurance rates for five years. Businesses with six or more employees would be fined up to \$750 per employee for not offering health insurance. Lawmakers have 60 days to approve or reject the amendment.

Baker first proposed the fines in January. Lawmakers had agreed to the fines and included them in the draft budget they approved and sent to Baker July 7. But legislators didn't include the Medicaid and insurance reforms that Baker, and the business community, also wanted.

"The business community will view this as a lost opportunity and a tax," without the Medicaid reforms, Jon Hurst, president of the Retailers Association of Massachusetts, told Bloomberg BNA July 18.

Lawmakers said they rejected Baker's plan because it needed a public hearing. Baker said July 17 that he was asking lawmakers to hold that hearing and to do so within 30 days.

"These reforms are necessary to prevent an unfair burden on businesses," Baker told reporters July 17.

Higher Fees Too In addition to the fines, Baker's amendment would increase from \$51 to \$71 a per-employee medical assistance fee that all businesses pay. The assessment and higher fee would begin Jan. 1, 2018, and be in place for just one year. They would bring \$200 million to the state.

Baker says the fines, fee and Medicaid reforms are necessary to bring Medicaid costs under control. Medicaid enrollment has ballooned, Baker said. The program insures nearly 1.9 million people in Massachusetts and makes up 40 percent of the entire state budget.

Enrollment in Medicaid, or MassHealth as it is called in Massachusetts, has increased by 500,000 people

since 2011. At the same time, 450,000 people left commercial insurance. Baker believes the two are related and that under more relaxed rules of the Affordable Care Act, some businesses are encouraging their low-income employees to get free care through MassHealth.

Cut Medicaid The governor had originally proposed a \$2,000 fine per employee if businesses did not insure their employees. Businesses protested and in June, Baker and businesses lowered the fine and added reforms to MassHealth and private insurance.

Baker's plan is to cut \$314 million from Medicaid over two to three years beginning Jan. 1, 2019, and slow the growth of the program's enrollment to 1.6 percent above 2017 levels.

Baker would seek federal approval to mandate that about 230,000 recipients of MassHealth, which is typically provided free, to share some costs for their care.

Baker also would move 140,000 nondisabled people from MassHealth into the state's ConnectorCare program, which provides subsidies to cover some costs but requires copayments and premiums from patients.

As another cost-saving measure, he would authorize medical professional who are not licensed as dentists to provide routine dental care in the state, including to MassHealth patients.

Effort to Block? Health Care for All, a group that advocates for universal access to health care, July 17 deplored the Governor's Medicaid austerity proposals, calling them an effort "to block people from affordable MassHealth plans."

"We oppose his proposed changes in Medicaid eligibility, which would block many from qualifying for MassHealth and move 140,000 adults from this program to less-comprehensive private insurance" the group's spokeswoman, María González Albuixech, told Bloomberg BNA July 18 in an email. The result could be increased out-of-pocket expenses and reduced benefits, she said.

On the other hand, she said, Health Care for All supports fines on employers for not insuring.

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