



B e n e f i t s o l u t i o n s w i t h a p e r s o n a l t o u c h

MA Health Care Reform Update

New Law for the Fair Share Contribution (FSC) Requirements

On September 30, 2008, legislation was enacted to change the Fair Share Contribution (FSC) requirement and its associated test for MA employers. Specifically, the new law **requires employers with 51+ full-time employees (FTE's) pass BOTH tests and ALL employers with 11+ FTE's increase the frequency of their HIRD Form filing from once per year to once every quarter.** This new law adds yet another layer of complexity and administrative burden for MA employers and it is effective on October 1, 2008.

What are the details of this new law?

- ✓ When the MA Healthcare Reform Law was originally implemented, it required employers with 11+ FTE's to offer health insurance to their full-time employees (FTE) and pay 33% of the cost for single coverage (Primary Test) OR enroll 25% of their eligible employees that work at least 90 days (Secondary Test).
- ✓ The new law requires ALL employers with 51+ full-time employees to satisfy BOTH tests – which, means large employers that fail one of the tests will be subject to the FSC assessment of \$295 per employee per year.
- ✓ **Employers who fail the quarterly test will pay 25% of the \$295 per employee per year assessment (or \$73.75) in the quarter it was calculated.**
- ✓ The FSC testing period frequency for ALL employers with 11+ FTE's is increasing from 1x per year to quarterly and begins on October 1, 2008 – which, means the next test will be due on February 15, 2009.
- ✓ FSC liability for the period October 1, 2007 to September 30, 2008 (the current FSC fiscal year) must be paid to the Commonwealth no later than June 30, 2009.

Special Note: The deadline to pay the FSC assessment for the current FSC fiscal year ending September 30, 2008 has been shortened by 46 days.

What else should you know?

- ✓ Employers with 51+ FTE's who enroll 75% of their eligible employees do NOT need to meet the 33% contribution test and employers with <50 FTE's only need to meet one of the two tests to be exempt.
- ✓ **In order to pass the Secondary Test, the group health plan that the employer offers to pay at least 33% of the premium cost must be in effect for FTE's for the entire quarter (or if the employer was not in operation for the quarter, for the portion of the quarter that the employer was in operation).**
- ✓ **11+ FTEs for the quarter would mean at least 5,500 payroll hours for the quarter with no more than 500 hours attributed to an employee who worked more than 500 hours in that quarter.**

For a copy of the new DHCFP FSC regulations, please see the attached PDF announcement from the Division of Healthcare Finance and Policy. As always, if you should have any questions or need additional assistance – please do not hesitate to contact your Client Consultant at Borislow Insurance.



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