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Employers protesting upcoming health care assessment; Patrick says change needed to cover soaring costs of 2006 law

State House News Service

BOSTON - Even as businesses forewarned against the unraveling of support for health care reform, the Patrick administration has forged ahead with a regulatory proposal to generate \$33 million in new revenue from employers to pay for government-funded health insurance.

The administration, coping with the soaring costs of a 2006 health care law, says it needs to make the change because legislators predicted two years ago that a so-called "fair share" contribution from certain employers would generate \$45 million but instead only generated \$7 million.

Under the change, which will be the subject of a public hearing Sept. 5 and which is slated to take effect Oct. 1, employers with 11 or more full-time employees will avoid the \$295 per employee assessment only if 25 percent of their full-time work force participates in their health plan and if the employer pays 33 percent of the premium.

Currently, employers can avoid the assessment if they meet either one of those thresholds.

Jon Hurst, president of the Retailers Association of Massachusetts, says many small businesses, particularly seasonal companies on the Cape and Islands, face new assessments. He predicted that the regulatory change may cause some employers to drop health insurance altogether.

"Hitting both of those triggers is just something that thousands of companies, particularly small companies, just won't be able to do," Hurst said. "It's counterproductive to the whole proposal of trying to get more people insured."

Hurst said many business owners are particularly peeved by the change because the state has failed to deliver on its promise of more online health care cost and quality transparency and the offering of nonsubsidized insurance plans for small businesses through the state Connector Authority - although an authority spokesman said a pilot program will launch Nov. 1, with coverage effective Jan. 1, 2009.

"This is a time for employers to stand up and let our policymakers know that we've done our fair share," Hurst said. "We are still the most expensive health insurance marketplace in the country and we've got to do something on the cost side before we impose more costs on employers."

However, Brian Rosman, research director for consumer group Health Care for All, said "there has been no evidence" that businesses will drop coverage if assessments go up. Employers could drop coverage at any time and pay the \$295 per employee penalty, he said, but they haven't.

"Employers got off remarkably easy in the health reform debate of two years ago," he said.

"Employers really make fairly modest contributions."

To help with the costs of the health care reform, Patrick just signed off on a supplemental budget that authorized a \$33 million assessment on insurers, a \$20 million assessment on health care providers, and a \$35 million transfer to government health care programs from a fund set up to meet the health care needs of the unemployed.

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