

HOUSE No. 5409

The Commonwealth of Massachusetts



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THE COMMONWEALTH OF MASSACHUSETTS
EXECUTIVE DEPARTMENT
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April 3, 1991

To the Honorable Senate and House of Representatives:

I am hereby filing for your consideration the following legislation, "An Act Repealing the Employer Mandate of Universal Health Care".

The Massachusetts economy is bogged in a recession, and much like the service tax, the threat of this mandate contained in the Universal Health Care statute creates a serious obstacle to economic recovery. The threat of these mandates effects business decisions on relocation and expansion, and directly jeopardizes the creation of much needed jobs.

I recently vetoed legislative language that delayed the implementation of the employer mandate. Such a delay would have only created more uncertainty for the business community. It is time to send a loud and clear message, particularly to the small businesses in Massachusetts, by repealing this ill-conceived mandate.

It is also important to note that present hospital financing law and access to health care discussions are inexorably linked with the Universal Health Care statute. While health care is a major priority of this Administration, any productive discussion of these issues is impossible with the question of the employer mandate unresolved.

I urge speedy action on this proposal.

Respectfully submitted,

William F. Weld

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The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Ninety-One.

AN ACT REPEALING THE EMPLOYER MANDATE OF UNIVERSAL HEALTH CARE.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. The first paragraph of section 87 of chapter 6A
2 of the General Laws, as most recently amended by section 11 of
3 Chapter 653 of the Acts of 1989, is hereby amended by striking
4 out the third sentence and inserting in place thereof the following
5 sentence: — The amount of total private sector liability to the pool
6 for this purpose shall equal: three hundred twenty-five million
7 dollars for fiscal year nineteen hundred and eighty-eight; three
8 hundred thirty million, five hundred thousand dollars for fiscal
9 year nineteen hundred and eighty-nine; three hundred and twelve
10 million plus eight million dollars to be transferred to the vaccine
11 trust fund for fiscal year nineteen hundred and ninety; and three
12 hundred and ninety-six million for fiscal year nineteen hundred
13 and ninety-one, plus eight million dollars to be transferred to the
14 vaccine trust fund.

1 SECTION 2. Chapter 118F, as inserted by Chapter 23 of the
2 Acts of 1988, is hereby amended in section 11 by striking sub-
3 section (6).

1 SECTION 3. Said chapter 118F, as inserted by said chapter
2 23, is further amended by striking section 13.

1 SECTION 4. Section 15 of said chapter 118F, as inserted by
2 said chapter 23, is hereby amended by striking subdivision (1) and
3 inserting in place thereof the following: —

4 (1) The department shall administer an uncompensated care
5 pool consisting of the revenues produced by the uniform statewide
6 allowance for uncompensated care included in gross patient

7 service revenues of acute hospitals pursuant to section 83 of
8 chapter 6A.

1 SECTION 5. Said chapter 118F, as inserted by said chapter
2 23, is further amended by deleting section 16 and inserting in place
3 thereof the following: —

4 Section 16. There is hereby established a medical security trust
5 fund which shall be administered and expended by the department
6 without further appropriation. Said fund shall consist of all
7 premiums, fees, contributions, and other monies paid into the
8 state treasury and credited to the trust fund as provided in this
9 chapter, all property and securities acquired by and through the
10 use of monies belonging to the trust fund and all interest thereon,
11 less payments therefrom to health insurance companies, nonprofit
12 hospital and medical service companies, and health maintenance
13 organizations, for refunds or abatements for enrollees or former
14 enrollees. All monies appropriated for the use of the department
15 for the purpose of providing health insurance for the uninsured
16 and all monies earned on the amounts in said trust fund shall be
17 deposited or retained in said trust fund.

18 There shall be within the medical security trust fund as least
19 two separate accounts described as follows:

20 (a) an unemployment health insurance contribution account
21 which shall consist of all employer contributions required
22 pursuant to subsection (a) of section fourteen G of chapter one
23 hundred and fifty-one A and premiums paid by enrollees and
24 which shall be used exclusively for the payments of premiums for
25 health insurance plans provided to persons receiving unemploy-
26 ment compensation;

27 (b) a public sector responsibility account which shall consist
28 of all premiums paid by enrollees, voluntary contributions by
29 other persons and entities, and appropriations from the
30 commonwealth, and which shall be used for payments or
31 premiums for health insurance plans provided to all other
32 residents of the commonwealth who lack health insurance.

33 The commissioner shall from time to time requisition from said
34 trust fund such amounts as he deems necessary to meet the current
35 obligations of the department and estimated obligations for a
36 reasonable future period.

1 SECTION 6. Said chapter 118F, as inserted by said chapter
2 23, is further amended by striking section 18.

1 SECTION 7. Section 19 of said chapter 118F, as inserted by
2 said chapter 23, is hereby further amended by striking sub-
3 section (9).

1 SECTION 8. Section 14G of chapter 151A of the General
2 Laws, as inserted by chapter 23 of the acts of 1988, is hereby
3 stricken in its entirety and replaced with the following new
4 section: —

5 Section 14G. (a) Each employer, except those employers who
6 employ five or fewer employees, subject to the provisions of
7 section fourteen, fourteen A, or fourteen C shall pay, in the same
8 manner and at the same times as the director prescribes for the
9 contribution required by section fourteen, an unemployment
10 health insurance contribution computed by multiplying the wages
11 paid its employees by twelve hundredths of one percent.

12 (b) Such unemployment health insurance contribution shall be
13 paid to the director in accordance with the procedures prescribed
14 by the director. The receipts from such contributions shall not be
15 deposited in the state unemployment compensation fund, but shall
16 be impressed with a trust and dedicated, through the state
17 treasurer as trustee, to the medical security trust fund established
18 in chapter one hundred and eighteen F. Prior to the depositing
19 of the receipts, the director may deduct all administrative costs
20 incurred as a result of this section, including an amount as
21 determined by the United States secretary of labor in accordance
22 with federal cost rules, but in no calendar year may such deduction
23 exceed five percent of the amounts collected pursuant to this
24 section.

25 (c)(1) For the purposes of this section, the term “wages” shall
26 not include that part of remuneration which, after remuneration
27 equal to the medical security wage base with respect to
28 employment which such employer has paid to an individual during
29 the calendar year, is paid to such individual during such year. For
30 the purposes of this paragraph remuneration shall include
31 remuneration paid to an individual during the calendar year with

32 respect to employment with a transferring employer, as that term
33 is used in subsection (n) of section fourteen.

34 (2) For the purposes of this section, the term "medical security
35 wage base" shall mean fourteen thousand dollars for the calendar
36 years nineteen hundred and ninety to nineteen hundred and
37 ninety-two, inclusive. For each subsequent calendar year the
38 medical security wage base shall equal the product of (i) the
39 medical security wage base for the then previous calendar year
40 and (ii) the sum of the numerical value one and the health
41 insurance inflation rate for the then previous calendar year, as
42 reported by the rate review board established pursuant to
43 subsection (h).

44 (d)(1) The provisions of this section shall not apply to an
45 employer newly subject to this chapter, as defined in para-
46 graph (3) of subsection (i) of section fourteen, until it has been
47 an employer for not less than the twelve consecutive months'
48 period specified in paragraph (1) of subsection (b) of section
49 fourteen.

50 (2) During the first calendar year in which this section applies
51 to an employer newly subject to this chapter pursuant to
52 paragraph (1), such employer's unemployment health insurance
53 contribution shall be computed by substituting in subsection (a)
54 the words "four hundredths of one percent" for the words "twelve
55 hundredths of one percent."

56 (3) During the second calendar year in which this section
57 applies to an employer newly subject to this chapter pursuant to
58 paragraph (1), such employer's unemployment health insurance
59 contribution shall be computed by substituting in subsection (a)
60 the words "eight hundredths of one percent" for the words "twelve
61 hundredths of one percent".

62 (e) Except where inconsistent with the provisions of this
63 section, the terms and conditions of this chapter which are
64 applicable to the payment of and the collection of contributions
65 or payments in lieu of contributions shall apply to the same extent
66 to the payment of and the collection of such unemployment health
67 insurance contributions; provided, however, that said contribu-
68 tions shall not be credited to the employer's account or to the
69 solvency account established pursuant to section fourteen,
70 fourteen A, or fourteen C of this chapter.

71 (f) Any employer who fails to comply with the provisions of
72 this section shall pay a penalty of not less than thirty-five dollars
73 or five dollars for each employee, whichever is greater, for every
74 day during which the failure continues, in addition to restitution
75 for any amounts owed to the medical security trust fund as a result
76 of such failures to make a correct contribution.

77 Any penalties collected pursuant to this section shall be
78 deposited in the unemployment health insurance contribution
79 account in the medical security trust fund established by section 16
80 of chapter one hundred and eighteen F.

81 Any contribution under this section shall be allowable as a
82 business expense.

1 SECTION 9. Section 79 of chapter 23 of the acts of 1988 is
2 hereby amended by striking the second sentence in its entirety.

1 SECTION 10. Section 82 of chapter 23 of the Acts of 1988 is
2 hereby amended by striking the words "the Health Insurance
3 Hardship Trust Fund."

