



**Fair Share Contribution Data Trend Analyses
Filing Years 2007 and 2008
October 2009**

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Fair Share Contribution – Overview

- Under Massachusetts’ 2006 health reform law (Chapter 58), an employer with 11 or more full-time equivalent employees (FTEs) must make a “fair and reasonable” contribution toward the health costs of its workers.
- The statute requires an employer that is determined *not* to make a fair and reasonable contribution to pay a Fair Share Contribution (FSC) of up to \$295 per FTE.
- The Division of Health Care Finance and Policy (DHCFP) is responsible for setting the standard regarding what constitutes a “fair and reasonable” contribution toward the cost of health coverage.
- The revenue generated by the Fair Share Contributions of employers is deposited into the Commonwealth Care Trust Fund, which, among other things, finances Commonwealth Care, a subsidized insurance program for low-income residents of Massachusetts.

Fair Share Contribution – Test Standards

- The Fair Share Contribution regulations that took effect starting in October 2006 applied the following two-pronged test:
 - Primary Test:** At least 25% participation by full-time employees in the employer’s group health plan.
 - Secondary Test:** Employer offers to contribute at least 33% of the premium cost of its health plan to *all* full-time employees employed more than 90 days.
- An employer that met either “test” is considered to have made a “fair and reasonable” contribution to the health care costs of its workers and is consequently exempt from having to pay a Fair Share Contribution of \$295 per full-time equivalent employee.
- This Fair Share Contribution standard was in effect for Filing Years 2007 and 2008.
This report documents the results of the Fair Share Contribution provision of Chapter 58 during these two time periods.

Overview of Data

- All data are current through September 10, 2009 and based on analyses of Division of Unemployment Assistance Fair Share Contribution data unless otherwise noted.
- Data include filings from:
 - FSC Filing Year 2007 (Oct. 1, 2006 – Sept. 30, 2007)
n = 24,763 firms
 - FSC Filing Year 2008 (Oct. 1, 2007 – Sept. 30, 2008)
n = 23,128 firms

Key Findings

- The percentage of firms meeting the Fair Share Contribution standards increased across the two time periods, particularly among smaller-size firms.
 - Slight drop in median rates of employer contribution to employee premiums among smallest and largest sized firms (11-25 FTE sized firms show a 2% decrease, and firms with 1,000+ FTEs show a 3% decrease).
 - Median rates of employee participation in group health plans offered by employers held steady or increased across all group sizes.
- Drop in number of firms filing from FSC07 to FSC08

* For the purposes of this report, “meeting the FSC standards” means that the requirement to provide a “fair and reasonable” contribution towards the cost of workers’ health care has been met and consequently no fair share contribution of up to \$295 annually per FTE needs to be made.

Firms that Filed Fair Share Contribution Data by Filing Fiscal Period and Firm Size

Note: Based on data filed with DUA as of September 10, 2009.

	11-25 FTE	26-50 FTE	51-100 FTE	101-250 FTE	251-500 FTE	501-1000 FTE	1001+ FTE	All 11+ FTE
FY07	12,496	5,365	3,235	2,236	697	359	375	24,763
FY08	11,304	5,233	3,089	2,203	647	337	315	23,128

Fair Share Contribution Revenue by Fiscal Period (in \$ millions)

FSC07 - \$10.4; 1,020 liable firms

FSC08 - \$7.1; 758 liable firms

Percentage of Firms Meeting Fair Share Contribution Standards by Filing Fiscal Period and Firm Size

	11-25 FTE	26-50 FTE	51-100 FTE	101-250 FTE	251-500 FTE	501-1000 FTE	1001+ FTE	All 11+ FTE
FSC07	93.8%	96.9%	98.3%	98.7%	98.3%	98.6%	99.7%	95.8%
FSC08	95.1%	97.5%	98.4%	99.0%	99.2%	99.7%	99.7%	96.7%

Fair Share Contribution Policy in the Context of Entire Massachusetts Labor Market

Based on data filed with Division of Unemployment Assistance as of September 10, 2009. Reflects results of FSC 2008 filing period. Total employer count in Massachusetts based on Division of Unemployment Assistance data on employers that file for Unemployment Insurance.

Massachusetts has 188,000 employers.

Only about 12% of all Massachusetts employers are subject to the Fair Share Contribution policy (the rest have fewer than 11 FTEs).

Approximately 0.4% of all Massachusetts employers are required to pay a Fair Share Contribution.

Massachusetts Employers Subject to FSC, but Not Liable in 2008 Filing Period - 22,370

Massachusetts Employers with FSC Liability in 2008 Filing Period - 758

All Other Massachusetts Employers - 164,872

Median Employee Health Insurance Take-Up Rate

Firms Filing Fair Share Contribution Data

Note: Take-up rate is the percentage of full-time employees eligible for health benefits that choose to participate in the group health plan offered by their employer. Based on data filed with Division of Unemployment Assistance as of September 10, 2009.

	11-25 FTE	26-50 FTE	51-100 FTE	101-250 FTE	251-500 FTE	501-1000 FTE	1001+ FTE	All 11+ FTE
FSC07	72%	75%	76%	77%	79%	79%	81%	75%
FSC08	75%	76%	76%	77%	79%	80%	82%	75%

Mean Employee Health Insurance Take-Up Rate

Firms Filing Fair Share Contribution Data

Note: Take-up rate is the percentage of full-time employees eligible for health benefits that choose to participate in the group health plan offered by their employer. Note: Based on data filed with Division of Unemployment Assistance as of September 10, 2009.

	11-25 FTE	26-50 FTE	51-100 FTE	101-250 FTE	251-500 FTE	501-1000 FTE	1001+ FTE	All 11+ FTE
FSC07	66%	69%	70%	72%	72%	75%	77%	69%
FSC08	69%	71%	71%	72%	74%	76%	76%	70%

Median Rate of Employer Contribution Towards Employee Health Insurance Premiums

Firms Filing Fair Share Contribution Data

Note: Contribution rate is the percentage of the cost of a monthly premium an employer offers to pay for its full-time employees that have been employed for at least 90 days. Note: Based on data filed with Division of Unemployment Assistance as of September 10, 2009.

	11-25 FTE	26-50 FTE	51-100 FTE	101-250 FTE	251-500 FTE	501-1000 FTE	1001+ FTE	All 11+ FTE
FSC07	70%	70%	75%	75%	77%	78%	78%	73%
FSC08	68%	70%	75%	75%	77%	78%	75%	72%

Mean Rate of Employer Contribution Towards Employee Health Insurance Premiums

Firms Filing Fair Share Contribution Data

Note: Contribution rate is the percentage of the cost of a monthly premium an employer offers to pay for its full-time employees that have been employed for at least 90 days. Note: Based on data filed with Division of Unemployment Assistance as of September 10, 2009.

	11-25 FTE	26-50 FTE	51-100 FTE	101-250 FTE	251-500 FTE	501-1000 FTE	1001+ FTE	All 11+ FTE
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FSC07	64%	66%	68%	71%	71%	72%	74%	66%
FSC08	64%	66%	68%	71%	70%	72%	70%	66%

Industries with the Highest Percentage of Firms Not Meeting Fair Share Contribution Standards

By Fiscal Period

Note: All industry groupings have n>50 firms so as to account for effect of outliers in small industry code samples. Therefore, industries with fewer than 50 firms represented in the dataset are excluded from this analysis.

FSC07 - Industry	FSC07 - % Firms	FSC08 - Industry	FSC08 - % Firms
Security Guards and Patrol Services	43%	Security Guards and Patrol Services	37%
Temporary Help Services	33%	Temporary Help Services	27%
Janitorial Services	28%	Drinking Places (Alcoholic Beverages)	24%
Full-Service Restaurants	23%	Employment Placement Agencies	24%
School and Employee Bus Transportation	20%	School and Employee Bus Transportation	19%
Employment Placement Agencies	20%	Full-Service Restaurants	19%
Limited-Service Restaurants	16%	Home Health Care Services	17%
Home Health Care Services	16%	Janitorial Services	17%
Drinking Places (Alcoholic Beverages)	16%	Limited-Service Restaurants	12%
Supermarkets and Other Grocery (except Convenience) Stores	15%	Supermarkets and Other Grocery (except Convenience) Stores	9%

Data Considerations

- Data are subject to some fluctuation because of late filing firms and ongoing audits by the Division of Unemployment Assistance.
 - All data are self-reported by employers.
 - Only firms with 11 or more FTEs that submitted their Fair Share Contribution filing data are reflected in this analysis.
 - Contribution rates toward health insurance premiums are those that apply to all full-time employees on firms' payrolls for longer than 90 days.
- Mean and medians do not include zeros recorded for firms required to mark “0” on the secondary test because they do not offer to all full-time workers or have a health insurance coverage waiting period longer than 90 days.

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