



Testimony on July 17 Budget Amendment--Attachment F
Jim Klocke, CEO, Massachusetts Nonprofit Network
July 25, 2017

Thank you for the opportunity to testify today on the employer healthcare assessment and other issues related to the Governor's FY2018 budget amendment in Attachment F.

The Massachusetts Nonprofit Network (MNN) is the Commonwealth's nonprofit association. MNN has over 800 member organizations, from every subsector and every region of the state. Massachusetts nonprofits throughout the Commonwealth are not only the vibrant fabric of communities; they are an economic powerhouse as well. The Massachusetts nonprofit sector employs over 529,000 people across the state. Those jobs account for 17% of the state's workforce, and pay over \$30 billion in wages per year.

The original employer assessment proposal in House 1 would have unfairly burdened nonprofits with employees who elect coverage through a spouse's or parent's private insurance plan, Medicare, or the VA. In addition, the amount of the original assessment would have been difficult for nonprofits to factor into existing lean budgets and would have likely resulted in program cuts and layoffs.

The two-tiered EMAC (Employer Medical Assistance Contribution) assessment before the Committees today represents a better approach, since it does not penalize nonprofits for having employees in the four coverage categories outlined above. It distinguishes between employers who do and do not have employees on MassHealth or Commonwealth Care. It's also coupled with unemployment insurance rate relief, as employers face the prospect of huge rate increases next year. And it is a two-year assessment, reflecting the fact that reforms are needed to ensure MassHealth's long-term solvency.

As Governor Baker noted in his July 17th letter to the Legislature, there are a number of MassHealth reforms that must be considered and implemented in a timely manner. Several relate to the state's application for a federal waiver that will preserve, and strengthen, the state's commitment to health care access. The state's 2006 universal health care bill expanded access to all-time highs. Several years later, national health care reform changed the Massachusetts program in ways that encouraged some workers to decline employer-offered health insurance and move onto MassHealth coverage.

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Policy changes, in the amendment before the Committee and in the waiver application, will correct that situation to promote greater use of employer-sponsored insurance. They will help manage the escalating costs of MassHealth, while ensuring that individuals and families still have access to good health insurance plans. The employer community is willing to be a partner in this effort as it was in 2006.

MNN is well aware of the growing costs of MassHealth and appreciates the difficulties in funding current initiatives and budgeting for new investments as health care costs consume more of the state budget each year. Steps must be taken to ensure that MassHealth is not only sustainable, but that there is sufficient funding to invest in other important priorities including education, arts and culture, community development, and transportation. In addition, like you, we believe that any reforms adopted by the Legislature should protect the most vulnerable throughout the Commonwealth and ensure that Massachusetts continues to lead the nation in health care coverage.

Thank you again for the opportunity to testify. As the Committees review these issues, please continue to use MNN as a resource and reach out anytime with questions or as issues arise.

As always, we appreciate your continued support of the nonprofit sector.