



Temporary Changes to Employer Medical Assistance Contribution (EMAC)

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The Employer Medical Assistance Contribution (EMAC) was created in 2014 after the repeal of the Massachusetts Fair Share Contribution (FSC) requirement. The EMAC contribution funds subsidized health care to low-income residents of the Commonwealth of Massachusetts. Each employer subject to the unemployment insurance contribution is also subject to the EMAC reporting requirements. The Massachusetts Department of Unemployment Assistance (DUA) recently released proposed regulations and FAQs for its EMAC penalty (referred to as an “EMAC Supplement” by the DUA).

“An Act Further Regulating Employer Contributions to Health Care” (the “Act”), signed into law in August 2017, temporarily changes the existing EMAC contributions, creates a temporary supplemental contribution, and modifies the unemployment insurance rate schedule. The updated contributions are effective for wages paid beginning January 1, 2018 and are time limited, expiring at the end of calendar year 2019. EMAC applies to employers with more than five employees in Massachusetts, and applies regardless of whether the employer offers health coverage to its employees. The current EMAC contribution rate is 0.34% up to the annual wage cap of \$15,000, with a potential maximum cost of \$51 per employee per year. For the wages paid in the years 2018 and 2019, the EMAC contribution will increase to 0.51% up to the annual wage cap of \$15,000, which increases the potential maximum cost per employee to \$77 per employee per year.

The EMAC Supplement contribution is equal to 5% of an employee’s annual wages, and is owed for each non-disabled employee, up to the annual wage cap of \$15,000, for a maximum of \$750 per affected employee per year. The contributions collected will help offset the Commonwealth’s cost of providing health insurance to employees. This supplemental contribution only applies to those employees on state-subsidized coverage. The EMAC Supplement is based on wages, not hours worked, thus an employer may be liable for an EMAC Supplement for an employee regardless of the employee’s full or part-time status.

The proposed regulations expand on the calculation of the EMAC Supplement and related penalties, and clarify how to determine the number of employees for this purpose. Information regarding an employer’s EMAC Supplement will be available online from the DUA, and amounts owed for an EMAC Supplement will be shown on the employer’s quarterly unemployment insurance liability statements. Affected employers will see the EMAC Supplement reflected on their first quarter DUA statements in April 2018.

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