

MASSACHUSETTS: The Department of Health Care Finance and Policy released its proposed amended rules tightening the fair share test for employers, with a hearing scheduled for September 5. If enacted, the new rules would require employers with 11 or more employees to: Have at least 25 percent of full-time employees enrolled in an employer-sponsored group health plan; and offer to contribute at least 33 percent to the premium cost for full-time employees. If they do not meet both tests, employers face a \$295 per-employee, per-year surcharge. The effective date is October 1, 2008. The state anticipates the new rules would raise approximately \$45 million next year. Also, Governor Deval Patrick continues to negotiate with the federal government to secure \$2 billion over the next three years to fund health care programs. If denied, more than \$650 million a year would have to be allocated from the state budget to cover subsidies associated with high enrollment in the program. If the funding requests are refused, the state may be forced to cut back on Medicaid expansion programs and a portion of the subsidies used to purchase Connector health insurance plans.

NEW YORK: Citing a dismal economic picture, Governor David Paterson proposed a dramatic revision of the New York state budget, including cuts to Medicaid Managed Care, Long-Term Managed Care, and a hefty increase in the health insurance covered lives assessment of \$120 million - bringing that total assessment to \$1.04 billion. The entire legislature is up for re-election, and many are not pleased with the timing of the Governor's fiscal call to action. Many legislators have voiced their opposition to the Governor's recommendations, while Senate Republicans have said they will not pass new taxes. Legislators may try to put together a much smaller-counter offer. The Assembly and the Senate are scheduled to come back for a one-day special session on August 19.