

MASSACHUSETTS: EMPLOYEE BENEFIT CONSIDERATIONS

Employers doing business in Massachusetts should be aware of the state's laws regarding continuation of benefits, leave, and other notable components of employee benefits.

Employers doing business in Massachusetts (including those that have one or more employees working in or remotely from Massachusetts) should be aware of the state's laws regarding continuation of health benefits, leave, and other notable requirements related to employee benefits.

This publication focuses on the benefits compliance obligations that fall on employers. There are numerous state insurance laws that apply to carriers sponsoring fully insured plans. To the extent a state insurance law does not impose a compliance obligation on an employer (i.e., the law applies solely to the insurer from which an employer purchases a group policy), it may not be covered in this publication. In addition, this publication is limited to employee benefit considerations and does not cover state tax laws, privacy laws, cybersecurity laws, or other employment law topics such as workers' compensation, employment discrimination, payroll practices, wage and hour laws, or short-term leave laws that provide job and/or benefit protections for one month or less.

The publication includes an **MA PFML Benefits Chart** (Appendix A) and a **Sample Employee Communication** for advising Massachusetts employees of the updated paid family and medical leave premium as of each January 1 (Appendix B).

GROUP HEALTH PLAN REQUIREMENTS

Massachusetts Health Care Reform Law (Fully Insured and Self-Insured Plans)

The Massachusetts Health Care Reform Law (formally, "An Act Providing Access to Affordable, Quality, Accountable Health Care") was passed in 2006. The law was a model for the federal Affordable Care Act (ACA), which borrowed concepts such as an online health insurance "exchange" (or "marketplace") from the Massachusetts program.

Some aspects of the Massachusetts Health Care Reform Law were changed to align with ACA provisions after the ACA's passage in 2010, but the law remains largely intact and operates alongside and in conjunction with the ACA.

Massachusetts Minimum Creditable Coverage (MCC) (Fully Insured and Self-Insured Plans)

The Massachusetts Health Care Reform Law requires its adult residents to have minimum creditable coverage (MCC) or else pay a penalty. Massachusetts residents therefore remain subject to an "individual mandate," notwithstanding the effective elimination of the ACA individual mandate (by virtue of the reduction of its penalty to zero) in 2019.

MCC is the minimum level of benefits needed to be considered insured and avoid the state's individual mandate penalty.



These benefits include:

- Coverage for a comprehensive set of services (e.g., doctor visits, hospital admissions, day surgery, emergency services, mental health and substance abuse, and prescription drug coverage).
- Doctor visits for preventive care, without a deductible.
- A cap on annual deductibles for in-network coverage. For plan years beginning in 2024, these limits are \$2,950 for self-only coverage (\$360 for separate Rx self-only coverage) and \$5,900 for family coverage (\$720 for separate Rx family coverage). The limits for 2025 remain unchanged from 2024.
- For plans with up-front deductibles or coinsurance on core services, annual out-of-pocket maximum expenses of no more than the ACA limits on cost-sharing as adjusted annually by the IRS. For plan years beginning in 2024, these limits are \$9,450 for self-only coverage and \$18,900 for family coverage. For 2025, these limits are \$9,200 for self-only coverage and \$18,400 for family coverage.
- No caps on total benefits for a particular illness or for a single year.
- No policy that covers only a fixed dollar amount per day or stay in the hospital, with the patient responsible for all other charges.
- For policies that have a separate prescription drug deductible, the prescription drug deductible cannot exceed \$250 for self-only coverage or \$500 for family coverage.

An employer-sponsored high deductible health plan (HDHP) where the employer facilitates access to health savings accounts (HSAs) will generally qualify as MCC regardless of whether the employer makes HSA contributions.

All plans offered by Massachusetts-licensed health insurers must include an MCC compliance notice to indicate whether they satisfy MCC requirements.

For more information, see:

[Health Care Reform | Mass.gov](#)

[Health Care Reform for Individuals | Mass.gov](#)

[Health Care Reform for Employers | Mass.gov](#)

State Individual Mandate Reporting Requirements (Fully Insured and Self-Insured Plans)

Employers that provide MCC to Massachusetts residents are required to distribute Form MA 1099-HC to those residents and submit reports electronically to the Department of Revenue (DOR) by January 31 following the reporting year.

Insurance carriers in Massachusetts provide Form MA 1099-HC to state residents and report to the DOR on behalf of employers; employers that sponsor fully insured group health plans should confirm with their carriers accordingly. Employers with self-insured (including level-funded) plans and non-Massachusetts employers are required to complete the distribution and filing requirements themselves. Note that Form MA 1099-HC only needs to be sent to primary enrollees and does not also need to be sent to dependents. Failure to distribute and file Form MA 1099-HC may result in a penalty of \$50 per individual, up to a maximum of \$50,000. For further information about state mandate reporting requirements, see the PPI publication [State Individual Mandate Reporting Requirements](#).

Health Insurance Responsibility Disclosure (Fully Insured and Self-Insured Plans)

The Health Insurance Responsibility Disclosure (HIRD) form is an annual reporting requirement that applies to both in-state and out-of-state employers with six or more Massachusetts employees. For in-state employers, an employee is included in the HIRD count if the employer included the employee in any one or more of its quarterly wage reports to the Department of Unemployment Assistance (DUA) over the previous 12 months. For out-of-state employers, any individual hired for a wage or salary in Massachusetts is considered an employee, regardless of their full- or part-time status.

HIRD reporting is administered by MassHealth (the state's Medicaid and Children's Health Insurance Program (CHIP)) and the DOR through the MassTaxConnect web portal. The HIRD form collects employer-level information about employer-sponsored health

plans, but it is not used to impose fines or penalties on employers based upon the coverage they provide. Rather, the information assists MassHealth in identifying members who may be eligible for the MassHealth Premium Assistance Program.

The HIRD form is made available on November 15 and must be completed electronically by December 15 of the reporting year. All covered employers must disclose whether they offered to pay or otherwise arrange for the purchase of healthcare insurance for their Massachusetts employees. They must also provide information about any employer-sponsored healthcare plans, such as the total employer and employee premium cost, the benefits and coverage levels offered, in-network deductibles, maximum out-of-pocket expenses, cost-sharing details, eligibility criteria, and whether the plan meets the Massachusetts MCC requirements. For further information about the MA HIRD requirements, see the PPI publication **Massachusetts HIRD**.

For more information, also see:

[Health Insurance Responsibility Disclosure \(HIRD\) FAQs | Mass.gov](#)

State Continuation of Health Benefits (“Mini-COBRA”) (Fully Insured Plans)

The Massachusetts mini-COBRA law applies to group health policies issued to employers with 2 to 19 employees. Coverage must be extended to employees and their covered dependents who experience a loss of coverage resulting from a qualifying event.

Massachusetts mini-COBRA benefits generally mirror those offered through federal COBRA. Accordingly, if the qualifying event is termination of employment (other than for gross misconduct) or a reduction in hours, coverage may be continued for up to 18 months. This maximum coverage may be extended to 29 months for any beneficiary determined to be disabled under Social Security during the first 60 days of coverage.

Continuation coverage for a covered dependent may continue for up to 36 months after any of the following qualifying events:

- Death of an employee
- Divorce or legal separation of the employee from their spouse (but see special rules for divorce below)
- Employee becomes entitled to Medicare
- Dependent child ceases to qualify as a dependent under the employer’s plan

If an employer’s group health plan extends coverage to retirees, retirees who lose coverage due to an employer’s bankruptcy may be entitled to continuation coverage for the remainder of their life, and the spouse and dependent children of such retirees would remain eligible for continuation coverage for up to 36 months after the retiree dies.

The monthly premium for mini-COBRA may not exceed 102% of the cost of coverage for a similarly situated active employee. The premium for disabled individuals may be increased to 150% after the first 18 months of coverage.

Continuation Coverage for Ex-Spouses (Fully Insured Plans)

Massachusetts law requires fully insured plans to allow the divorced spouse of a covered employee to continue coverage under the employer’s plan. While the language of the statute provides that it applies “to any policy issued or renewed within or without the commonwealth,” the Massachusetts Supreme Court has ruled that it does not apply to coverage obtained through spouses who are not Massachusetts residents and whose coverage is issued in another state. Carriers must charge the same premium to cover a divorced ex-spouse as they did for the married spouse, though employers are not required to contribute to the former spouse’s coverage.

The duration of coverage for the ex-spouse continues until the employee’s or the ex-spouse’s remarriage, unless the divorce judgment establishes a different ending date. A divorce judgment may even allow coverage to continue after the employee remarries through a rider to the family tier coverage with additional premium rates.

Because this requirement applies to carriers, employers should generally refer any questions or issues regarding the continuation of coverage for ex-spouses to their carriers. Employers should be mindful, however, that former spouses are not tax dependents. The employee must therefore be taxed on the fair market value of the former spouse’s coverage to the extent it exceeds any amount paid for by the employee on an after-tax basis by imputing income to the employee.

Dependent Coverage Laws (Fully Insured Plans)

Massachusetts requires group health plans that cover spouses and dependents to also cover newborn children; adopted children and children placed for adoption inside the home of a covered individual; unmarried children until age 26 or, if earlier, two years after the end of the calendar year in which the child last qualified as a dependent under federal tax law; dependent children who cannot work because of a mental or physical disability, regardless of age; and former spouses until remarriage (see the [Continuation Coverage for Ex-Spouses](#) sub-section above).

Domestic Partnerships (Fully Insured and Self-Insured Plans)

While Massachusetts state law does not expressly recognize domestic partnerships as such, several Massachusetts cities and towns do recognize domestic partnerships through “home rule statutes” that grant local governments the power to initiate legislation that is not specifically authorized by the state legislature, provided such legislation is not otherwise prohibited. Accordingly, the following Massachusetts cities and towns have passed legislation recognizing domestic partnerships, including the definitions and procedures for the registration of same in their jurisdictions: Arlington, Boston, Brewster, Brookline, Cambridge, Nantucket, Provincetown (limited to the preservation of rights and benefits of domestic partnerships that existed under Chapter 7 of the General Bylaws in effect prior to November 8, 2010), and Somerville.

In 1999, the Massachusetts Supreme Court ruled that the City of Boston’s home rule statute did not grant the city the authority to extend health insurance benefits to domestic partners of city employees, notwithstanding its local ordinance recognizing domestic partnerships. Domestic partnerships in these cities and towns therefore do not enjoy the same rights and privileges generally enjoyed by domestic partners in states that do expressly recognize these relationships.

Given the variety – and in many cases the absence – of domestic partnership definitions at the state or local level, employers generally have discretion to define domestic partners as they choose, provided their definition is not more restrictive than the prevailing definition in a state or municipality where the employer operates. Employers should ensure that their domestic partner certification practices are reasonably consistent with those for other family members (such as spouses and children). For example, employers that do not request relationship documentation (e.g., a marriage certificate) from married employees should not make domestic partner coverage conditional upon submission of evidence of the domestic partnership.

The federal government does not recognize domestic partnerships. Thus, if the domestic partner is not the employee’s tax dependent, the cost of coverage is subject to federal taxation.

For further information about domestic partner benefits considerations, including best practices for establishing eligibility, certifying domestic partnerships, and calculating and processing domestic partner cost of coverage imputed income, see the PPI publication [Domestic Partner Benefits: A Guide for Employers](#).

For more information, see:

[Massachusetts law about unmarried couples and domestic partnerships | Mass.gov](#)

[CONNORS vs. CITY OF BOSTON, 430 Mass. 31 \(1999\)](#)

State Nondiscrimination Rules (Fully Insured Plans)

Massachusetts has its own set of nondiscrimination rules that applies to the carrier in the context of a fully insured plan issued in the state. Generally speaking, this set of rules prohibits a plan design that discriminates against lower-paid employees. Specifically, the rules state that a carrier may only enter into a fully insured group health plan contract with an employer that does not discriminate against lower-paid full-time employees (those working 35 hours or more per week) who live in Massachusetts with respect to employee cost-share contributions for the employer’s healthcare plans. So, a plan design that requires lower-paid employees to pay a higher percentage of premium would be problematic under this rule. Similarly, if higher-paid employees are required to pay a lower percentage of premium, the plan design would violate the state rule.

That said, the rules – as outlined in a state insurance bulletin – do have some safe harbor plan designs. For one, a contribution structure based on salary bands that results in higher-paid employees paying more than lower-paid employees would not be discriminatory. Also, a variance in contributions that results in lower-paid employees paying less than higher-paid employees would be allowed under the rules.

For further information on the State Nondiscrimination Rules for Fully Insured Plans, see:

[Commonwealth of Massachusetts, Bulletin 2007-04](#)

DISABILITY COVERAGE

Massachusetts does not have a mandated disability coverage requirement.

PAID FAMILY AND MEDICAL LEAVE

Massachusetts Paid Family and Medical Leave Act

The Massachusetts Paid Family and Medical Leave Act (MA PFML) requires all private, for-profit employers with one or more employees working in Massachusetts to provide paid leave for qualified family-related reasons. Self-employed individuals may opt into the state plan. Also note that municipalities, districts, and political subdivisions are exempt from MA PFML.

MA PFML is generally funded through payroll deductions expressed as a percentage of eligible earnings and adjusted annually as of each successive January 1. For current rates, see [Appendix A, MA PFML Benefits Chart](#). For a sample communication to advise employees of the new rates as of each January 1, see [Appendix B, Sample Employee Communication](#).

There are some specific requirements surrounding the required employer contribution amount (employer versus employee contribution amount, maximum salary subject to the payroll tax, and independent contractor involvement). Also, employers with fewer than 25 employees do not have to pay the employer portion of the MA PFML premium, but they must still deduct the employee portion of the MA PFML premium and must permit eligible employees to take PFML leave.

Employees are eligible for MA PFML if they meet the eligibility requirements of the Massachusetts unemployment compensation law, which is based on the compensation that the employee earned while working for any employer in Massachusetts (not exclusively the current employer) during the last four completed calendar quarters. The employee must have 15 weeks or more of earnings and have earned at least the minimum amount set annually by the DUA in the 12-month period before applying for leave. (For information about the earnings eligibility threshold, see the link to the MA PFML website at the end of this section.) Full- and part-time employees, seasonal employees, and independent contractors are all eligible for MA PFML benefits — there is no “minimum hours worked” requirement.

Covered individuals include current employees, former employees, self-employed individuals, personal care attendants, and family childcare providers if their service is localized in Massachusetts. If their service is not localized in Massachusetts but part of the service is performed in Massachusetts, such individuals are considered covered individuals for MA PFML if the individual’s base of operations, place from which the service is directed or controlled, or residence is in Massachusetts.

MA PFML-covered individuals may take leave for:

- The covered individual’s own serious health condition.
- The serious health condition of a family member.
- Bonding with a child during the first 12 months after the child’s birth, adoption, or placement with the individual for foster care.
- A qualifying exigency when a covered individual’s family member is on active duty or has been notified of an impending call or order to active duty in the armed forces.
- Caring for a family member who is a covered servicemember.

Importantly, “family member” is defined to include spouses, domestic partners, children (including biological, adopted, or foster children; stepchildren; legal wards; children to whom an employee stands in loco parentis; or persons to whom the employee stood in loco parentis when the person was a minor child), parents, parents-in-law, grandchildren, grandparents, and siblings.

Covered individuals may take up to a total of 26 weeks of family and medical leave in the same benefit year. No more than 12 weeks of family leave can be taken in a benefit year except for leave taken to care for a covered servicemember, which can be taken for up to 26 weeks. Intermittent or reduced-schedule leave is also available to covered individuals in some circumstances.

The maximum weekly benefit amount is equal to 64% of the state average weekly wage, adjusted annually. No MA PFML benefits are payable during the first seven calendar days after the date on which protected leave begins. This seven-day waiting period counts against the total available period of leave in a benefit year. For leave taken on an intermittent or reduced schedule, the waiting period is seven consecutive calendar days, not the total accumulation of seven days of leave.

During leave, an employer must maintain any existing employment-related health insurance benefits (and continue contributions) as if the employee had remained continuously employed. The term "maintain" must be interpreted broadly, encompassing any method of benefit maintenance or approximation of benefits that allows an employee taking leave to access health coverage on the same or equivalent terms. This may include maintaining the employee's coverage costs, such as premium contributions, copays, and deductibles.

Employers are not required to provide for, contribute to, or otherwise maintain employment-related health insurance benefits for an employee who does not receive or is not eligible to receive employment-related health insurance benefits, resigns during leave, or is no longer employed when the leave begins.

Notice/Poster Requirement. All covered employers are required to display a MA PFML workplace poster and distribute the state's provided notice to their employees annually (at least 30 days in advance of a contribution rate or benefit change) and to new employees within 30 days of hire. The model notice and poster can be found here: [PFML Workplace Poster and Notice](#).

For more information on state-mandated paid family and medical leave laws in Massachusetts and other states, see the PPI publication [Quick Reference Chart: Statutory Disability & Paid Family and Medical Leave Programs](#).

For more information, also see the MA PFML website:

[Department of Family and Medical Leave | Mass.gov](#)

OTHER LEAVE LAWS

Parental Leave

The Massachusetts Parental Leave Act (MPLA) applies to employers with six or more employees and provides unpaid parental leave to all eligible employees.

An employee is eligible for parental leave after completing the initial probationary period set by the employer (not to exceed three months) or, if no probationary period applies, after having worked at least three consecutive months as a full-time employee.

An eligible employee has the right to receive up to eight weeks of parental leave for the purpose of:

- Giving birth and/or caring for a newborn.
- Adopting or intending to adopt a child under the age of 18.
- Adopting or intending to adopt a child under the age of 23 (if the child has a mental or physical disability).

MPLA leave may be paid or unpaid at the employer's discretion and can be taken as continuous leave, intermittent leave, or on a reduced-schedule basis. Employers cannot require employees to use accrued paid time off, even if the requirement is imposed upon similarly situated persons who take leave for other reasons. An employer is only required to pay for the costs of benefits, plans, or programs during parental leave if it does so for employees on other leaves of absence.

For more information, see:

[Parental Leave in Massachusetts | Mass.gov](#)

Other Leave Laws

Except as noted above, Massachusetts does not have any other state or local laws that provide more than one month of paid or unpaid leave entitlement. Note that short-term state and local employment leave laws that provide one month or less of leave are outside the scope of this publication. Short-term employment leave protections that may apply in a given state and may be based on employer size include family leave; blood marrow, stem cell, or organ donor leave; and crime victim leave. Employers should consult

with their human resources consultant or employment attorney to ensure their leave, PTO, and other personnel policies satisfy all applicable state and local employment laws.

OFFER OF RETIREMENT PLAN

Massachusetts does not require private sector employers to offer an employer-sponsored retirement program to their employees, nor does it offer a retirement savings program for private sector employees who lack access to an employer-sponsored retirement plan.

COMMUTER BENEFITS

Massachusetts does not require private sector employers to offer commuter benefits to employees.

LIFE INSURANCE

Massachusetts does not require private sector employers to offer group life insurance benefits. However, if group life insurance benefits are offered, a policy delivered or issued in Massachusetts must satisfy certain requirements. These requirements relate to mandatory enrollment of all eligible employees for employee noncontributory coverage (except those who reject coverage in writing or are unable to provide satisfactory evidence of insurability), premium payment grace periods, incontestability, conversion rights upon termination of group coverage, and required conversion notices. While these requirements apply to insurers, employers should be aware of their policy terms and have a reliable process to communicate coverage terms to plan participants.

Under Massachusetts insurance law, required conversion notices may be delivered by the insurer or employer policyholder. Employers should confirm the details regarding whether the carrier or employer is responsible for distributing conversion notices and when and how they must be distributed. These details are generally memorialized in plan documents or carrier agreements and vary by carrier. For more information on group life insurance compliance, see the PPI publication [Group Term Life Insurance: A Guide for Employers](#).

SUMMARY

Employers with one or more employees who work in Massachusetts should be well informed about the range of benefit requirements that pertain to such employees.

APPENDIX A

MA PFML Benefits Chart

Calendar Year	Statewide Average Weekly Wage (SAWW)*	Total Contribution Rate on Eligible Employee Wages**	Max Employee Contribution on Eligible Earnings***	Max Weekly Benefit
2024	\$1,796.72 (\$93,429.44/year)	0.88% Earnings Medical Leave = 0.70% [†] Family Leave = 0.18% [†]	0.46% Earnings Medical Leave = 0.28% Family Leave = 0.18%	\$1,149.90
2025	\$1,829.13 (\$95,114.76/year)	0.88% Earnings Medical Leave = 0.70% [†] Family Leave = 0.18% [†]	0.46% Earnings Medical Leave = 0.28% Family Leave = 0.18%	\$1,170.64

*SAWW is the average weekly wage paid in Massachusetts as adjusted annually and promulgated by the Director of Unemployment Assistance each October 1.

**Eligible Employee Wages are capped at the Social Security taxable income limit for the calendar year. Contribution rates for private plans may differ from the rate for state plans.

***Maximum employee contribution toward Medical Leave portion = 40% of state contribution rate for Medical Leave. Maximum employee contribution toward Family Leave portion = 100% of state contribution rate for Family Leave.

[†]For employers with fewer than 25 employees in MA, the medical and family leave contributions are paid entirely by employees; there is no employer contribution. The employee contribution rates for employers with fewer than 25 employees in MA are as shown in the Max Employee Contribution on Eligible Earnings column.

APPENDIX B

Sample Employee Communication

Date: [Month DD, YYYY]
To: Massachusetts Employees
From: Human Resources Department
Re: Massachusetts Family Leave Premium and Benefits for 2025

The Massachusetts Paid Family and Medical Leave (MA PFML) law was enacted to provide job-protected, paid time off to Massachusetts employees for one or more of the following reasons:

- Manage your own serious health condition
- Care for a family member with a serious health condition
- Bond with a child during the first 12 months after the child's birth, adoption, or foster care placement
- Care for a family member who was injured serving in the armed forces
- Manage family affairs while a family member is on active duty

MA PFML benefit premiums are funded by a combination of employer contributions and employee after-tax payroll deductions. The premium rate is set annually by the Department of Family and Medical Leave (DFML). See the **MA PFML Benefits Chart** below for a comparison of 2024 and 2025 contribution rates and maximum weekly benefit amounts.

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For further information about MA PFML, including how to calculate your MA PFML benefits or file a claim, please contact the Human Resources Department or visit the [DFML website](#).