



DEPARTMENT OF HEALTH & HUMAN SERVICES

Program Support Center
Financial Management Service
Division of Cost Allocation

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May 22, 2012

Mr. Martin Benison
Comptroller
The Commonwealth of Massachusetts
Office of the Comptroller
One Ashburton Place, Room 901
Boston, MA 02108

Dear Mr. Benison:

By letter dated January 12, 2012, your office transmitted proposed Fringe Benefit rates to cover the fiscal year ending June 30, 2013. The proposal, based on actual costs for the year ended June 30, 2011, provided for three rates, i.e., 27.87% applicable to all regular employees except "uniformed" employees (justices, police, corrections, and parole officers), and 35.42% applicable to uniformed employees. These rates include the costs for Group Insurance, Retirement, and Terminal Leave. The third rate of 1.22% is applicable to all regular, uniformed and contractual employees for the costs of Unemployment Insurance, Universal Health Insurance and Medicare Tax.

Based on our review of your proposal, fixed rates of 25.98% (Group Insurance – 18.19%, Retirement – 6.76%, Terminal Leave – 1.03%), and 31.67% (Group Insurance – 17.97%, Retirement – 12.62%, Terminal Leave – 1.08%) for regular and uniformed employees, respectively, and the additional rate of 1.29% (Unemployment Insurance - .26%, Universal Health Insurance - .13%, Medicare Tax – .90%) are approved covering the period July 1, 2012 through June 30, 2013.

Fixed rates for FYE 06/30/2013 for regular employees includes final carry forward of over-recovery amounting to Group Insurance: \$142,374,763, Retirement: \$13,190,395, Terminal Leave: \$612,752, Medicare Tax: \$8,417,786, Unemployment Insurance: \$3,164,934 and under-recovery amounting to Universal Health Insurance: \$863,491.

Fixed rates for FYE 06/30/2013 for uniformed employees includes final carry forward of over-recovery amounting to Group Insurance: \$27,163,670, Retirement: \$11,362,471, Medicare Tax: \$1,797,165, Unemployment Insurance: \$506,208 and under-recovery amounting to Terminal Leave: \$301,167, and Universal Health Insurance: \$155,983.

This approval is based on information provided by the State and is void if the information is later found to be materially incomplete or inaccurate. In addition, this approval is subject to the following conditions with respect to the submission of your next proposal based on actual costs for the fiscal year ending June 30, 2012, which must be submitted by December 31, 2012:

1. The Salary and Wage (S&W) base will include a reconciliation of the amounts per the payroll systems with the amounts reflected in MMARS, which is the basis of the submission.
2. With respect to the Retirement component, the Commonwealth will submit all actuarial and financial reports prepared, whether they relate to payments to the pension system or actuarially determined amounts.
3. With respect to the Group Insurance component:
 - a. Provide copies of Financial Statements, including expense details, covering the:
 - (1) Rate Stabilization Reserve
 - (2) State Employees' Trust Fund
 - (3) Employee Withholding Trust Fund
 - (4) State Retiree Benefits Trust Fund
 - b. If expenditures noted above are included in the FB proposal, provide a justification.

In addition, please acknowledge your concurrence with the comments and conditions cited by signing this letter in the space provided below and **FAX** (212-264-5478) it back to this office. If you have any questions, please contact my office at (212) 264-2069.

Sincerely,



Robert I. Aaronson
 Director, Division of
 Cost Allocation

Concurrence:

/s/Martin J. Benison

Martin Benison
 Name

Comptroller
 Title

5/23/2012
 Date