

MEMORANDUM

Date: February 15, 2011
To: Michigan Economic Growth Authority
From: Phil Santer, Project Specialist
Packaging Team
Subject: Briefing Memo – MedAssurant, Inc.
Standard MEGA Credit

COMPANY NAME

MedAssurant, Inc.
4321 Collington Road
Bowie, Maryland 20716
www.medassurant.com

HISTORY OF COMPANY

MedAssurant, Inc. (“MedAssurant”) is a Maryland-based provider of healthcare data analysis, abstraction and verification systems. The company provides local and national health insurance plans, care delivery networks, employers, and other entities with care management and financial performance improvement services. MedAssurant was founded in 1998 and employs approximately 3,200 individuals. The company is headquartered in Bowie, Maryland and has operations in Annapolis, Maryland; Atlanta, Georgia; Herndon, Virginia; Pontiac, Michigan; and Lansing, Michigan.

The company currently has 50 employees in Michigan.

PROJECT DESCRIPTION

MedAssurant is experiencing significant growth due to increasing demand in its product line and will need to increase its employment levels accordingly. The company’s employment growth could occur at any of their current locations, and a Michigan location needs to provide qualified clinical talent to compete for this work. The company recruits, hires and trains clinicians and professional medical record coders to support their client services. This expansion would move its existing Michigan employees to a new location in the City of Lansing.

The company plans to invest approximately \$4 million and create up to 404 jobs over the next five years as a result of this project. The average weekly wage for the newly created jobs is anticipated to be \$853. The effect on other Michigan businesses in the same industry was taken into consideration when recommending the amount and length of this tax credit.

BENEFIT TO STATE

According to the economic analysis done by the Michigan Economic Development Corporation utilizing Regional Economic Models, Inc. software, it is estimated that this facility will generate a total of 749 jobs in the state by the year 2015. Total state government revenues through the year 2015, net of MEGA costs, would be increased by \$10.3 million (current dollars) due to the presence of this facility.

BUSINESS CASE

As discussed above, MedAssurant could locate their expansion at any of their existing facilities. Finding qualified clinical talent to fill these positions presents a potential challenge to fulfilling this work in Michigan. In addition, the company is seeking to geographically disperse their labor pool to more effectively meet their clients' expectations. A MEGA Tax Credit would add to the benefits the company could find in Michigan and make this project feasible for Michigan.

OTHER STATE AND LOCAL ASSISTANCE

The Lansing Economic Development Corporation is supportive of this project and is willing to consider a twelve-year property tax abatement under Public Act 328 of 1998. The estimated savings of this incentive are \$183,000, based on an initial investment of over \$1 million. In addition, local education and workforce programs may be utilized for this project.

RECOMMENDATION

Based on the factors described above, the Michigan Economic Development Corporation recommends a 75 percent standard employment tax credit for five years for up to 404 net new employees in excess of the company's established base of 50. Should the company create less than 300 Qualified New Jobs in the fourth or fifth credit year, that credit year would be forfeited.