



1121 L Street, Suite 500
Sacramento, CA 95819

February 15, 2016

Senator Ed Hernandez
State Capitol, Room
Sacramento, CA 95814

Assemblyman Rob Bonta
State Capitol, Room
Sacramento CA, 96814

Re: SBx2 15 and ABx2 20 - SUPPORT

Dear Senator Hernandez and Assemblyman Bonta:

Anthem Blue Cross is pleased to support your SBx2 15 and ABx2 20, regarding the Managed Care Organization (MCO) tax. The bill, which is the product of months of negotiations between health plans and the Brown Administration, successfully balances the need to protect \$1.1B in Medi-cal funding with the need to control costs and maintain competition in the commercial market.

Anthem is proud to be one of only a few California health plans that is a market leader in every state-regulated market segment. We cover over 1.1 million Californians in Medi-cal and are the only plan to offer Covered California products to individuals in all 58 counties. While some plans elect to serve only select markets or regions, Anthem makes an effort to serve all Californians. As such, we believe the breadth of our business gives us a distinct understanding of the California health care market and how your proposals will impact Californians.

By continuing the MCO tax in a new form, your bills provide much-needed protection to Medi-cal spending. This not only benefits Medi-cal providers and recipients, but ensures additional cost shifting to commercial payers will not occur. Further, the proposal is a net reduction in tax liability and will not negatively affect consumers that purchase coverage from us.

For these reasons, we support SBx2 12 and ABx2 20. Please do not hesitate to contact me with any questions regarding Anthem's position.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Prozio".

Michael Prozio
Regional Vice President

Cc: Governor's Office
Members, CA State Senate
Members, CA State Assembly
Jennifer Kent, Director, DHCS