



Los Angeles Area
Chamber of Commerce



February 16, 2016

The Honorable Ed Hernandez, Chair
Senate Public Health and Developmental
Services Committee
State Capitol, Room 2080
Sacramento, CA 95814

The Honorable Rob Bonta, Chair
Assembly Public Health and Developmental
Services Committee
State Capitol, Room 6005
Sacramento, CA 95814

SUBJECT: SBX2 15 (HERNANDEZ) & ABX2 20 (BONTA) MEDI-CAL: MANAGED CARE ORGANIZATION TAX SUPPORT – AS INTRODUCED FEBRUARY 8, 2016

Dear Senator Hernandez and Assembly Member Bonta:

The California Chamber of Commerce (CalChamber) and the below-listed organizations are pleased to **SUPPORT SBX2 15 (Hernandez) and ABX2 20 (Bonta)**, which preserve critical funding for the state's Medi-Cal program without undermining the affordability of commercial health care purchased by employers, families, and individuals.

When the federal Centers for Medicare and Medicaid Services (CMS) issued guidance in 2014 indicating that California's existing MCO tax, which generates approximately \$1 billion a year for the state's Medi-Cal program, did not comply with the federal rules governing provider taxes and could not be renewed in 2016, policymakers were left with a difficult task. Any replacement proposal would have to raise enough revenue to offset the expiring tax and prevent a reduction in Medi-Cal provider reimbursements, but would also need to apply broadly to most, if not all, health care plans without creating unreasonable disparities between them that might generate pressure in the commercial health insurance marketplace to increase costs for California purchasers. We believe this proposal sufficiently meets these important goals.

Together these bills present a comprehensive solution that is a win-win for California. For this reason, we are pleased to **SUPPORT SBX2 15 (Hernandez) and ABX2 20 (Bonta)**.

Sincerely,

Mira Morton, Policy Advocate
California Chamber of Commerce

On behalf of:

Bay Area Council
Los Angeles Area Chamber of Commerce
North Orange County Chamber
Rancho Cordova Chamber of Commerce
Southwest California Legislative Council

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cc: Members, Public Health and Developmental Services
Donna Campbell, Office of the Governor
Michael Martinez, Senate Republican Caucus
Julia King, Assembly Republican Caucus
Melanie Moreno, Consultant, Assembly Health Committee
Rosielyn Pulman, Consultant, Senate Health Committee
Office of Senate Floor Analyses
Department of Health Care Services