



UPDATED

February 12, 2016

The Honorable Kevin de León
Senate President pro Tempore
State Capitol, Room 205
Sacramento, CA 95814

The Honorable Toni Atkins
Assembly Speaker
State Capitol, Room 219
Sacramento, CA 95814

The Honorable Jean Fuller
Senate Republican Leader
State Capitol, Room 305
Sacramento, CA 95814

The Honorable Chad Mayes
Assembly Republican Leader
State Capitol, Room 3104
Sacramento, CA 95814

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

Dear Legislative Leaders:

The California Chamber of Commerce (CalChamber) is 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, the CalChamber is pleased to **SUPPORT SBX2 15 (Hernandez) and ABX2 20 (Bonta)**.

Sincerely,

Mira Morton
Policy Advocate

February 12, 2016

Page 2

cc: Senator Ed Hernandez
Assembly Member Rob Bonta
Members, California State Senate
Members, California State Assembly
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