

February 9, 2016

Honorable Kevin DeLeon
Senate President Pro Tem
State Capitol, Room 205
Sacramento, CA 95814

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

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

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

RE: SBX2 15 (Hernandez) and ABX2 20 (Bonta) – MCO Tax
KP Position: NEUTRAL

Dear Senators and Assemblymembers:

I am writing to inform you that Kaiser Permanente has adopted a “neutral” position on the SBX2 15 and ABX2 20, legislation to implement the Administration’s effort to renew the managed care organization (MCO) tax.

We are proud to participate in Medi-Cal and have long supported sustainably and fully funding this critical safety net program. We are committed to ensuring Medi-Cal is stable and can provide access to high-quality care to all beneficiaries.

We are also committed to providing high-quality, affordable health care to our commercial members.

Over the course of the last year we have been working with the Governor’s Administration, the Legislature and other health plans to develop a proposal to replace the existing MCO tax and avoid a hole in the Medi-Cal budget. We have been working diligently to ensure that any proposal would not negatively impact our efforts to maintain and improve affordability for our members who buy coverage from us.

After thoroughly analyzing the latest model and the accompanying legislative language, we are confident the proposal is a balanced approach that will not negatively affect our purchasers, while generating important revenue to support the Medi-Cal program. We believe this new MCO tax proposal is one that will have a positive overall impact on the health care marketplace.

We appreciate the Administration’s and the Legislature’s partnership with us to ensure we can keep our commitment to high-quality, affordable health care to our members. Please contact me if you have any questions. Thank you.

Sincerely,



Teresa Stark
Director, State Government Relations

cc: Office of Governor Jerry Brown
Secretary Diana Dooley
Department of Health Care Services Director Jennifer Kent
Members of the Assembly
Members of the Senate