



Los Angeles Area Chamber of Commerce



****FLOOR ALERT****

February 23, 2016

TO: Members, California State Senate

FROM: California Chamber of Commerce *UCC*
 Bay Area Council
 Brea Chamber of Commerce
 Los Angeles Area Chamber of Commerce
 North Orange County Chamber
 Rancho Cordova Chamber of Commerce
 Southwest California Legislative Council

SUBJECT: SBX2 2 (HERNANDEZ) MEDI-CAL: MANAGED CARE ORGANIZATION TAX SUPPORT – AS PROPOSED TO BE AMENDED IN CONFERENCE ON FEBRUARY 22, 2016

The California Chamber of Commerce (CalChamber) and the above-listed organizations are pleased to **SUPPORT SBX2 2 (Hernandez)**, which preserves 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.

This bill, as amended, presents a comprehensive solution that is a win-win for California. For this reason, we are pleased to **SUPPORT SBX2 2 (Hernandez)**.

cc Donna Campbell, Office of the Governor
 Michael Martinez, Senate Republican Caucus
 Teri Boughton, Consultant, Senate Health Committee
 Office of Senate Floor Analyses
 Department of Health Care Services
 District Office, Members, California State Senate