



## CALIFORNIA

**DATE:** February 16, 2016  
**TO:** Members of the California State Legislature  
**FROM:** Ken DeVore, Legislative Director  
**RE:** SB 2X 15, AB 2X 20: MCO Healthcare Tax  
Change of Position to NEUTRAL

The National Federation of Independent Business (**NFIB**) is moving to a position of **NEUTRAL** on SB 2X 15 and AB 2X 20, the Managed Care Organization (MCO) Tax proposals.

On February 9<sup>th</sup> we raised concerns over potential healthcare cost increases to small businesses, as well as with the speed with which these proposals were being acted upon with little public scrutiny. Consequent discussions have alleviated our concerns that these proposals would lead to health insurance rate increases. While increasing the MCO tax, these proposals reduce other industry taxes by an equal or greater amount, leaving no valid rationale for health plans to raise rates due to this legislation. We understand that these tax changes are necessary to obtain critical federal matching funds for state healthcare costs.

NFIB is appreciative of the responsiveness by the staff of the President Pro Tem, Kevin de Leon, and the Republican leaders, Senator Jean Fuller and Assemblymember Chad Mayes, as well as industry leaders. The information they provided helped us to make an informed decision.

For these reasons, NFIB is now **NEUTRAL** on SB 2X 15 and AB 2X 20.

*NFIB, the voice of California small business, represents the consensus views of its 22,000 members.*