

# Managed Care Organization (MCO) Tax Proposal in May Revise Will Raise the Cost of Health Care Coverage by \$1.5 Billion



California Association of  
**Health Plans**

## California's Workers, Employers and Families Can't Afford Higher Health Care Premiums

83% of Californians say lowering health care costs should be a top priority for lawmakers. The state even created the Office of Health Care Affordability (OHCA) to rein in health care spending. Yet the proposed MCO Tax in the Governor's May Revise is estimated to increase the cost of health care coverage by

# \$1.5 billion each year.

The proposed MCO Tax would raise health care coverage costs on people whose budgets are already stretched thin.



Imposes a  
**\$1.5 BILLION TAX**  
on health care coverage.

That equals more than  
**\$100 PER MEMBER  
PER YEAR.**

For a family of four, the tax could mean

# HUNDREDS OF DOLLARS PER YEAR

in added premium costs.

### What this means for California families

- More pressure on household budgets already strained by higher inflation, rent, groceries, childcare, and transportation.
- More Californians could become uninsured.

### Why the Governor's MCO Tax proposal is the wrong approach

- Previous MCO tax structures supported Medi-Cal without sharply increasing consumer premiums.
- This proposal would tax employers, individuals, and families who buy coverage to backfill the general fund.
- The proposal would increase taxes without delivering meaningful Medi-Cal improvements.

**Lawmakers are urged to REJECT** the \$1.5 billion MCO Tax on Health Care Coverage and protect affordability for individuals, families, and employers already facing rising health care costs. California can and should pursue a better path that is legal, affordable, sustainable, and funds meaningful improvements to Medi-Cal.