

May 21, 2014

The Honorable Ron Wyden  
Chairman

The Honorable Orrin Hatch  
Ranking Member



United States Senate Committee on Finance  
219 Dirksen Senate Office Building  
Washington, DC 20510

Dear Senator Wyden and Senator Hatch:

On behalf of Medicaid Health Plans of America (MHPA), I thank the Senate Finance Committee for its diligent efforts to pass a bipartisan tax extenders package. However, as the debate continues over amendment procedures, MHPA feels compelled to remind the committee of an issue that transcends political affiliation: the health insurance tax and how it hurts state Medicaid budgets and the sickest and neediest Americans.

MHPA is the national trade association representing Medicaid managed care plans that contract with states to provide health coverage to Medicaid beneficiaries, our nation's poorest citizens. MHPA represents 117 health plans in 33 states and DC, covering over 18 million Medicaid enrollees. Through innovative programs, our member plans provide high quality cost-effective care, help ensure program integrity, and provide states with Medicaid budget predictability. Full-risk capitated managed care currently serves over 50% of the Medicaid population and this percentage is growing.

The Affordable Care Act health insurance providers fee, or health insurance tax (HIT), is levied on most insurers starting this year, including Medicaid health plans. According to a February 2014 report by actuarial firm Milliman Inc., the HIT will drain \$13.6 billion from those states that use managed Medicaid's integrated risk-based models to care for their neediest residents.

MHPA strongly encourages support of the amendment filed by Senators Roberts and Barrasso to repeal the HIT. MHPA also requests support for at least a two-year delay of the tax as has been filed by Senators Barasso, Hatch, Roberts, Enzi and Isakson. Supporting these amendments would keep already strained state Medicaid programs from having to use more tax-payer dollars to pay it.

MHPA believes this issue should be a top priority for the Senate Finance Committee. The HIT will unnecessarily burden state Medicaid budgets and siphon funding out of the Medicaid program that would be better spent on benefits and services for beneficiaries. We hope lawmakers see that the health insurance tax as a way to finance the health reform law was ill-conceived from the start.

Senators, I thank you for your consideration. For more information about how the tax affects state Medicaid programs and the people who rely on them for quality health care, please contact Amy Ingham at [aingham@mhp.org](mailto:aingham@mhp.org).

Sincerely,

A handwritten signature in blue ink, appearing to read 'Jeff Myers', is written over a light blue circular stamp.

Jeff Myers  
President and CEO  
Medicaid Health Plans of America

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