

24. Receive a presentation from the Board of Supervisors Staff to inform the Board about Proposition 35, a ballot measure addressing California's Medi-Cal program.

Consider to take action on one of the following options:

Option A: Support Proposition 35 and adopt resolution in support.

Option B: Oppose Proposition 35 and adopt resolution in opposition.

Or

Option C: Take no action.



Board of Supervisors

COUNTY OF TULARE AGENDA ITEM

BOARD OF SUPERVISORS

LARRY MICARI
District One

PETE VANDER POEL
District Two

AMY SHUKLIAN
District Three

EDDIE VALERO
District Four

DENNIS TOWNSEND
District Five

AGENDA DATE: September 17, 2024- REVISED

Public Hearing Required	N/A
Scheduled Public Hearing w/Clerk	N/A
Published Notice Required	N/A
Advertised Published Notice	N/A
Meet & Confer Required	N/A
Budget Transfer (Aud 308) attached	N/A
Personnel Resolution attached	N/A
Agreement(s) attached	N/A

CONTACT PERSON: Adriana Soto PHONE: 559-636-5006

SUBJECT: Receive a presentation from Board staff to inform the Board about Proposition 35.

REQUEST(S):

That the Board of Supervisors:

1. Receive a presentation from Board staff to inform the Board about Proposition 35, a ballot measure addressing California's Medi-Cal program.
2. Consider to take action on one of the following options:
 - a. Support Proposition 35 and adopt resolution in support.
 - b. Oppose Proposition 35 and adopt resolution in opposition.
 - c. Take no action.

SUMMARY:

Since 2009, California typically has charged a specific tax on certain health plans. This tax is called the Managed Care Organization Provider Tax ("health plan tax"). The tax has worked differently over time. Currently, it charges plans based on the number of people to whom they provide health coverage, including those in Medi-Cal. The tax rate is higher for those in Medi-Cal compared to other kinds of health coverage. (Medi-Cal is a federal-state program that provides health coverage for low-income people. The federal government and the state share the cost of the program. By charging the health plan tax, the state can receive more federal funding.)

The amount of revenue raised by the health plan tax has changed over time. Based on recent legislative action, we estimate the tax is expected to result in between \$7 billion to \$8 billion each year (annually) to the state. The state uses this money for two purposes.

- Paying for Existing Costs in Medi-Cal. Some revenue helps pay for existing costs in the Medi-Cal program. Using the tax revenue in this way allows the state to spend less money from the General Fund on Medi-Cal. (The General Fund is the account the state uses to pay for most public services, including education, health

SUBJECT: Receive a presentation from Board staff to inform the Board about Proposition 35.

DATE: September 17, 2024

care, and prisons. Medi-Cal is expected to get around \$35 billion from the General Fund this year.) In other words, the health plan tax revenue reduces costs to the state General Fund.

- Increasing Funding for Medi-Cal and Other Health Programs. Some of the revenue increases funding for Medi-Cal and other health programs. For example, the state is increasing Medi-Cal payments to doctors and other health care providers. This is a new use of health plan tax revenue. Some of these funding increases began in 2024, but most will begin in 2025 and 2026. Once they all begin in 2026, the increases likely would result in around \$4 billion more for Medi-Cal annually. Around half of this amount will come from the health plan tax. (The rest will come from increased federal funding.)

The Legislature has not permanently approved this tax. Instead, it has approved it for a few years at a time. The federal government also must approve the tax. The tax was most recently approved in 2023. It will expire at the end of 2026, unless the Legislature and federal government approve it again.

Proposition 35 makes the existing health plan tax permanent beginning in 2027. The state would still need federal approval to charge the tax. The tax would continue to be based on the number of people to whom health plans provide health coverage. The proposition allows the state to change the tax, if needed, to get federal approval, within certain limits.

In addition to making the health plan tax permanent, Proposition 35 creates rules on how to use the revenue. Generally, these rules require the state to use more of the revenue to increase funding for Medi-Cal and other health programs. The rules are different in the short term (in 2025 and 2026) and the long term (in 2027 and after). Proposition 35 also changes which Medi-Cal services and other health programs get funding increases compared to current law.

FISCAL IMPACT/FINANCING:

There is no Net County Cost to the General Fund.

LINKAGE TO THE COUNTY OF TULARE STRATEGIC BUSINESS PLAN:

Proposition 35 is linked to the Quality-of-Life initiative to continuously improve the public health and welfare for individuals in Tulare County.

ADMINISTRATIVE SIGN-OFF:

/s/Adriana Soto

Adriana Soto, Board Representative
Board of Supervisors

Cc: County Administrative Office

SUBJECT: Receive a presentation from Board staff to inform the Board about Proposition 35.

DATE: September 17, 2024

Attachments: Prop 35 Resolution in Support, Prop 35 Resolution in Opposition

BEFORE THE BOARD OF SUPERVISORS COUNTY OF TULARE, STATE OF CALIFORNIA

IN THE MATTER OF Receive a
presentation from Board staff to inform
the Board about Proposition 35.

)
)
)
)
)

Resolution No. 2024-0876

UPON MOTION OF SUPERVISOR VANDER POEL, SECONDED BY
SUPERVISOR SHUKLIAN, THE FOLLOWING WAS ADOPTED BY THE BOARD OF
SUPERVISORS, AT AN OFFICIAL MEETING HELD SEPTEMBER 17, 2024, BY THE
FOLLOWING VOTE:

AYES: SUPERVISORS MICARI, VANDER POEL, SHUKLIAN, VALERO AND
TOWNSEND

NOES: NONE

ABSTAIN: NONE

ABSENT: NONE



ATTEST: JASON T. BRITT
COUNTY ADMINISTRATIVE OFFICER/
CLERK, BOARD OF SUPERVISORS

BY:


Deputy Clerk

* * * * *

1. Received a presentation from Board staff to inform the Board about Proposition 35, a ballot measure addressing California's Medi-Cal program.
2. Took action on the following option:
 - a. Supported Proposition 35 and adopted resolution in support.

**BEFORE THE BOARD OF SUPERVISORS
COUNTY OF TULARE, STATE OF CALIFORNIA**

**IN THE MATTER OF RESOLUTION TO
SUPPORT PROPOSITION 35**

) **Resolution No. 2024-0877**
)

WHEREAS, California's health care system is in crisis - hospitals and health clinics are closing in rural areas, emergency rooms are overcrowded, and patients are forced to wait months to meet with their doctors for preventative care; and

WHEREAS, California has redirected more than \$30 billion in health care funding over the past 15 years, decreasing critical access to essential health services; and

WHEREAS, County governments play a key role in administering Medi-Cal and distributing and organizing necessary health care services, including behavioral health services, operating hospital systems, and managed care plans; and,

WHEREAS, County governments face ongoing challenges such as provider capacity and recruitment and retention of the health care workforce, especially in rural counties; and

WHEREAS, Proposition 35 will provide dedicated, ongoing funding to expand patient access to care and address California's most urgent health care priorities without raising taxes; and

WHEREAS, Proposition 35 will guarantee that billions in health care dollars are spent on patient care and health care workforce development and training; and

WHEREAS, Proposition 35 includes accountability provisions, capping administrative costs at 1 percent and requiring ongoing independent financial audits; and

WHEREAS, Proposition 35 has received bipartisan support from a broad coalition including local government, business leaders, health care workers, first responders, labor unions, physicians, nurses, dentists, hospitals, Planned Parenthood, community health centers, and social justice organizations;

THEREFORE, BE IT RESOLVED that the County of Tulare supports Proposition 35.

UPON MOTION OF SUPERVISOR VALERO, SECONDED BY SUPERVISOR TOWNSEND, THE FOLLOWING WAS ADOPTED BY THE BOARD OF SUPERVISORS, AT AN OFFICIAL MEETING HELD SEPTEMBER 17, 2024, BY THE FOLLOWING VOTE:


AYES: SUPERVISORS MICARI, VANDER POEL, SHUKLIAN, VALERO AND TOWNSEND
NOES: NONE
ABSTAIN: NONE
ABSENT: NONE

ATTEST:

JASON T. BRITT
COUNTY ADMINISTRATIVE OFFICER/
CLERK, BOARD OF SUPERVISORS



BY:


Deputy Clerk

From: [Kristen Golden Testa](#)
To: [Clerk of the Board](#)
Cc: [Nicole Wordelman](#); [Mayra Alvarez](#); [Maddie Ribble](#)
Subject: Comments on Prop 35 Concerns
Date: Monday, September 16, 2024 5:22:50 PM

This Message Is From an External Sender

This message came from outside your organization.

On behalf of Mayra Alvarez, President of The Children's Partnership, we submit the following comments for the Tulare Board of Supervisors' meeting tomorrow:

[The Children's Partnership and several consumer organizations](#) have serious concerns with Proposition 35, which will be on the November ballot, and ask the Tulare Board of Supervisors to consider these concerns and urge the Board to oppose Prop 35.

Prop 35 redirects revenue raised from the Managed Care Organization tax to fund rate increases for a limited number of Medi-Cal providers, forever limiting the Legislature's ability to use any of those funds for other budget needs – even if those needs include other Medi-Cal supports.

TCP strongly supports the MCO tax and increasing provider rates. As an organization committed to strengthening California's health care system as an essential part of advancing child health equity, TCP has historically worked alongside many of the proponents of Prop 35, and supported and advocated for the MCO tax as a funding mechanism, as well as for directing that funding to Medi-Cal provider rate increases.

There is no question that California pays far too little to providers participating in Medi-Cal, hindering health care access for the millions of Californians who rely on it, and disproportionately impacting children and families of color who are more likely to depend on Medi-Cal for coverage.

However, TCP opposes Prop 35 because of its restriction on how the MCO tax revenue funds can be used, the caps on the tax, and who the decision makers are in making those determinations.

1. **Prop 35 Redirects Billions of Medi-Cal Dollars, Threatening Future Benefits and Expansions:** Prop 35 permanently diverts billions of dollars that currently support Medi-Cal and the state's general fund to just a handful of specific provider rate increases. Doing so threatens future Medi-Cal program eligibility expansions and optional benefits. The state's Department of Finance says Prop 35 would cost the state general fund \$12 billion over the next three years to cover core Medi-Cal expenses. As we anticipate difficult budget years ahead, this hit to the general fund likely will be painful.
2. **Prop 35 Sets Up California to Face a Significant Decrease in Revenue in Future Years By Prioritizing the Interests of Private Insurers:** Prop 35's tax cap will lead to a significant decrease in revenue from the MCO tax, further undermining the state's ability to support efforts to improve children's health. Prop 35 establishes an upper limit on the tax rate for commercial health plans, instead relying on revenue from Medi-Cal plans, risking a dramatic reduction in revenue. The current tax rate for Medi-Cal plans is \$274 per enrollee, to maximize matching federal dollars. Prop 35 would cap the tax rate on commercial plans at \$2.75 per enrollee. The problem with this is the [federal government has indicated that it intends to change the rules](#) so that states would be required to set similar tax rates for both Medi-Cal and commercial plans. When this happens as expected, Prop 35's commercial tax cap will leave California no choice but to dramatically lower its Medi-Cal tax rate.
3. **Prop 35 Funding Allocations Don't Align with Community Needs:** The allocation of funding under Prop 35 is decided by a few provider organizations with little voice from Medi-Cal enrollees, community members, the Legislature, or other essential provider groups, such as community health workers.

While intended to increase Medi-Cal access, Prop 35 instead severely jeopardizes funding for Medi-Cal by restricting state funding sources for the program.

This is especially apparent in the programs and investments on the line this year. In addition to continuous Medi-Cal coverage for young children and a rate increase for community health workers, many other Medi-Cal health care providers would lose out on funding if Prop 35 passes. This includes pediatric day health centers and community-based adult health

services, which serve a wide variety of people, such as older adults living with Alzheimer's and other chronic conditions, and people with disabilities. (See this [CalMatters article](#) for a list.)

Again, TCP strongly supports the MCO tax and investments in provider rates. However, for the reasons outlined above, **The Children's Partnership opposes Prop 35, and we urge supporters of children's health equity to vote no in November.**

--

Kristen Golden Testa | The Children's Partnership

700 S Flower St, Suite 1000, Los Angeles, CA 90017

C: (415) 505-1332

Pronouns: *she/her*

ktesta@childrenspartnership.org

www.childrenspartnership.org

[@kidspartnership](#) | [Facebook](#)

Support our work for children and donate to TCP on [our website](#).