

Molina Healthcare Opposes Health Insurance Fee

Issue Summary

The new health reform law would impose an annual fee on the health insurance sector including many companies that underwrite policies for government-funded insurance. This non-deductible fee would be allocated across the industry according to market share.

Molina Healthcare does not offer commercial products so its revenues are derived primarily from premiums paid to its health plans by the relevant state Medicaid authority.

Molina Healthcare opposes this fee for the following reasons:

- The tax would indirectly impact state Medicaid budgets, dollar for dollar, since states are required to pay an actuarially sound rate to Medicaid plans. State funds will have to be substituted to compensate for the federal fees paid by Medicaid plans, placing additional strains on programs that are already in financial distress and witnessing greater demand for services.
- Unlike commercial plans which will undoubtedly pass this additional cost on to consumers, Medicaid public service plans like Molina will be unable to do so.
- This new tax will cause an undue burden on plans such as Molina's that provide services to the nation's most vulnerable individuals, thereby threatening access to coordinated care services for Medicare, Medicaid, and CHIP beneficiaries.
- Plans may be forced out of the Medicaid program because already razor-thin margins will be reduced dramatically – perhaps even below 0% - with the imposition of this new tax. For many Medicaid health plans, including Molina, this new excise tax would wipe out their net profits and potentially drive them out of business.

Conclusion

The fee should only be assessed to commercial lines of business and should exclude government-sponsored programs such as Medicare, Medicaid, and the Children's Health Insurance Program (CHIP).

