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MHPA urges Congress to fully repeal or delay the Health Insurance Tax

*With moratorium expiring this year, fee would have serious implications
for states and beneficiaries*

Washington, DC (July 25, 2019) – Medicaid Health Plans of America (MHPA), the national association representing Medicaid managed care plans, is urging Congress to fully repeal or delay the Health Insurance Provider Fee due to its serious implications for state Medicaid programs and Medicaid beneficiaries.

The fee, more commonly referred to as the Health Insurance Tax (HIT), is charged by the federal government to health insurers, which includes most Medicaid managed care organizations, as part of the Affordable Care Act. Due to federal law, the states must include medical costs, administration, taxes, and fees in the rates they pay to Medicaid managed care plans. Because of this, the cost of the HIT is paid by the states, which results in a higher overall cost to the Medicaid program.

In the past, Congress has placed a moratorium on the HIT, and this delay has enjoyed wide-ranging, bipartisan support. But it only lasts through 2019, and if Congress does not act soon, the HIT will go into effect for 2020.

On Wednesday, MHPA sent a letter to Congressional leadership expressing concern over the HIT and asking for a full repeal, or at least a multi-year delay, on behalf of Medicaid managed care organizations.

“The HIT is a tax on a public health care program relied on by our most vulnerable citizens,” said Shannon Attanasio, Vice President of Government Relations and Advocacy for MHPA. “This has significant and serious implications for state Medicaid programs and Medicaid beneficiaries.”

If Medicaid managed care organizations were forced to pay the tax, the average cost per enrollee would increase, thereby increasing costs to states by an estimated \$13.6 billion and the federal government by \$24.8 billion over 10 years, according to a 2014 Milliman study.

More than 75 percent of Medicaid beneficiaries are enrolled in Medicaid managed care plans.

Because the HIT increases the state’s share of Medicaid spending, states could be forced to cut essential programs and services, such as education and infrastructure, because of budget shortfalls. With fewer Medicaid dollars, states - many already on stretched budgets - might also be forced to reduce some benefits to beneficiaries.

The [letter](#) asks Congress to quickly work toward a solution to fully repeal (H.R.2447/S.80) or suspend (H.R. 1398/S.172) the HIT as soon as possible since states are currently working to finalize Medicaid rates for 2020.

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ABOUT MHPA

Founded in 1995, the Medicaid Health Plans of America (MHPA) represents the interests of the Medicaid managed care industry through advocacy and research to support innovative policy solutions that enhance the delivery of comprehensive, cost-effective, and quality health care for Medicaid enrollees. MHPA works on behalf of its 94-member health plans, known as managed care organizations (MCOs), which serve approximately 23 million Medicaid enrollees in 37 states and the District of Columbia, or about one-third of all Medicaid beneficiaries in states with managed care delivery systems. MHPA's members include both for-profit and non-profit, national and regional, as well as single-state health plans that compete in the Medicaid market.