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## MEMORANDUM

June 9, 2009

**TO:** Honorable Members of the House Insurance Committee  
**FROM:** Sam Denisco, Director, Government Affairs  
**RE:** H.R. 333 – Managed Care Organization Extension

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On behalf of its 24,000 members and customers, the PA Chamber asks you to support House Resolution 333, which is scheduled to be considered by the House Insurance Committee on Wednesday, June 10.

HR 333 (DeLuca) urges the President and Congress to extend the time frame for replacing the current 5.5% assessment on Medicaid Managed Care Organizations. In his 2009-10 Executive Budget, the Governor proposed a broad-based 2 percent tax on health insurance in the state beginning Jan. 1, 2010. This proposed tax replaces the existing Medicaid only managed care organization tax, which the federal government will discontinue on Oct. 1, 2009. Given the ever increasing costs of health insurance, the enactment of a 2 percent tax on all lines of health insurance, not just managed care products is not supported by the business community. Any premium tax will be passed on to employers and employees and lead to increase costs of health insurance. A Federal Government extension of the October 1 deadline will allow for the Commonwealth to develop a sustainable, less onerous plan to address its Medicaid funding.

If you have any questions or concerns, please feel free to contact me at (717) 720-5580 or [sdenisco@pachamber.org](mailto:sdenisco@pachamber.org).