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June 22, 2026

The Honorable Gavin Newsom
Governor of California
1021 O Street, Suite 9000
Sacramento, CA 95814

RE: SB 125 (Managed Care Organization Provider Tax) – OPPOSE

Dear Governor Newsom:

As the San Joaquin County Supervisor representing the Fifth District, I respectfully urge you to veto SB 125.

California families are already carrying one of the highest costs of living in the nation. Whether it is housing, groceries, gasoline, electricity, insurance, or healthcare, working families continue to face increasing financial pressure. Every decision made in Sacramento should be measured against one simple question: Will this make life more affordable for Californians? Unfortunately, I do not believe SB 125 meets that standard.

Although the stated purpose of SB 125 is to generate funding for the Medi-Cal program through a renewed Managed Care Organization (MCO) provider tax, the bill imposes a uniform tax of \$8.85 per enrollee per month on all health plans. Plans have indicated they would likely pass these costs along to consumers, resulting in higher premiums—estimated at roughly \$100 per person annually, or up to \$400 for a family of four. At a time when California families are already struggling to make ends meet, the State should be pursuing policies that reduce financial burdens—not create new ones. The legislation authorizes this tax for 2027 through 2029, contingent upon federal approval.

San Joaquin County residents are especially vulnerable to rising costs. Our region is home to thousands of commuters, working families, seniors living on fixed incomes, and small businesses already facing significant economic challenges. Even modest increases in healthcare costs can force families to make difficult decisions about household budgets, prescription medications, childcare, or other essential needs.

I also remain concerned about California's continued reliance on provider taxes and budget mechanisms that create uncertainty for taxpayers and employers. While maintaining a strong Medi-Cal system is an important goal, long-term fiscal stability should not depend on policies that risk increasing the cost of healthcare for Californians or reducing affordability for employers who provide health insurance to their employees.

"I hope I shall possess firmness and virtue enough to maintain (what I consider the most enviable of all titles), the character of an honest man."

- George Washington -

SB 125 (MANAGED CARE ORGANIZATION PROVIDER TAX) – OPPOSE

The State should instead focus on improving government efficiency, ensuring accountability in healthcare spending, and identifying sustainable solutions that protect vulnerable populations without placing additional financial strain on California families.

As elected officials, we have a responsibility to be good stewards of taxpayer dollars and to recognize that every new tax or fee—whether imposed directly or indirectly—has real consequences for the people we serve. At a time when affordability remains one of the greatest challenges facing our state, I cannot support legislation that risks making healthcare more expensive for working Californians.

For these reasons, I respectfully urge you to veto SB 125.

Thank you for your consideration.

Sincerely,



Robert Rickman
Supervisor, Fifth District
San Joaquin County Board of Supervisors

c. San Joaquin State Delegation
Governor Newsom
SJC CAO
SJC COB
SJC CC

DTG: 17326/01ST

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