

**COUNTY OF SAN DIEGO
BOARD OF SUPERVISORS
TUESDAY, OCTOBER 22, 2024**

MINUTE ORDER NO. 32

SUBJECT: ADOPT RESOLUTION IN SUPPORT OF PROPOSITION 35 AND WAIVE BOARD POLICY A-72 (DISTRICTS: ALL)

OVERVIEW

California’s Proposition 35, set for a vote at the general election November 5, 2024, seeks to permanently establish a tax on Managed Care Organizations (MCOs), the health insurance companies that contract with Medi-Cal to provide healthcare services to low-income residents. The MCO tax, which has been periodically renewed since 2009, helps secure federal funds to offset the cost of the tax and supports the Medi-Cal program. If passed, Proposition 35 would place the California Department of Health Care Services (DHCS) in charge of administering the tax and overseeing how the revenue is allocated. The measure would not introduce new taxes but would extend the existing levy on MCOs set to expire in 2026.

The proposition is expected to generate \$7 to \$8 billion annually, helping fund Medi-Cal and other health initiatives. From 2025 to 2026, Proposition 35 would allocate an estimated \$2.7 billion to Medi-Cal and health workforce programs, while \$2 billion would help offset Medi-Cal funding in the State General Fund. Beginning in 2027, the tax would support Medi-Cal, health workforce initiatives, and subsidies for drug prices. The State Legislative Analyst estimates that the initiative would increase funding for Medi-Cal by \$2 to \$5 billion annually, though it would also increase state costs by \$1 to \$2 billion. Proposition 35 includes accountability measures, capping administrative expenses and ensuring nearly all funds go to patient care.

RECOMMENDATION(S)

CHAIRWOMAN NORA VARGAS

1. Waive Board Policy A-72 - Board of Supervisors’ Agenda and Related Processes
2. Adopt Resolution in Support of Proposition 35

EQUITY IMPACT STATEMENT

In the County of San Diego 932,585 individuals are Medi-Cal recipients in the County, of which 311,071 are children ages 0-18. Proposition 35 will improve access to care for low-income Californians, particularly those relying on Medi-Cal by addressing the shortage of doctors accepting Medi-Cal patients. This could enhance health outcomes for underserved communities, including racial minorities and vulnerable populations who are disproportionately enrolled in Medi-Cal.

SUSTAINABILITY IMPACT STATEMENT

This proposed action aligns with the County’s sustainability goals of providing just and equitable access to County services with a focused investment in chronically underserved communities and protecting the health and wellbeing of everyone in the region with a focus on collaborating with community partners.

FISCAL IMPACT

There is no current fiscal impact associated with this action. There will be no change in net General Fund cost and no additional staff years.

BUSINESS IMPACT STATEMENT

N/A

ACTION:

ON MOTION of Supervisor Vargas, seconded by Supervisor Lawson-Remer, the Board of Supervisors took action as recommended, and adopted Resolution No. 24-127, entitled: A RESOLUTION IN SUPPORT OF PROPOSITION 35.

AYES: Vargas, Lawson-Remer, Montgomery Steppe, Desmond

NOT PRESENT: Anderson

State of California)
County of San Diego) §

I hereby certify that the foregoing is a full, true and correct copy of the Original entered in the Minutes of the Board of Supervisors.

ANDREW POTTER
Clerk of the Board of Supervisors



Signed
by Andrew Potter