



We heal and inspire the human spirit.

To: All Providers
From: Jarrod McNaughton, Chief Executive Officer
Date: May 10, 2024
Subject: Governor Releases State Budget Revision

Dear Providers,

On May 10, 2024, Governor Newsom unveiled his May Revision to the state budget for Fiscal Year (FY) 2024-25. While full details were not released, for health plans and our Provider partners, the news was bleak as we learned the important Medi-Cal provider rate increases for 2025 and beyond—negotiated as part of the Managed Care Organization (MCO) Tax—were cut.

While we empathize with the state as they work to solve a steep budget deficit, we are deeply disappointed that the Governor’s proposal removes funding desperately needed to expand access to primary care, specialty care and mental health services in the Inland Empire.

Our longstanding support for the MCO Tax stems from the Governor’s promise of improving access and quality care for millions of Medi-Cal members in our region by providing our doctors and hospitals with a much-needed rate increase. On May 10, he broke that promise and redirected the revenue from this special tax on all health plans to the general fund. This sweep of dollars, along with other proposed cuts, halts crucial progress toward supporting our providers and stymies efforts to address health disparities.

We will continue to monitor and engage on this issue. We welcome opportunities to collectively advocate and protect access to care in the Inland Empire.

If you have any questions or response, please reach out via our Provider Call Center at (909) 890-2054 or (866) 223-4347 or email providerservices@iehp.org.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jarrod', is positioned above the typed name.

Jarrod McNaughton, MBA, FACHE
Chief Executive Officer