



STATE OF MICHIGAN
EXECUTIVE OFFICE
LANSING

RICK SNYDER
GOVERNOR

BRIAN CALLEY
LT. GOVERNOR

October 27, 2016

Michigan Senate
State Capitol Building
Lansing, Michigan 48913

Ladies and Gentlemen,

Today I am returning Enrolled Senate Bills 987-990, without signature. Together, these bills would re-establish the 6% use tax on the state's Medicaid managed care organizations and dedicate the revenue for non-Medicaid purposes, dedicate other General Fund revenues for Medicaid match purposes, and accelerate the sunset on the Health Insurance Claims Assessment (HICA) from July 1, 2020 to December 31, 2018.

This legislation would sunset HICA 18 months earlier than the extension that just passed the Legislature earlier this year, regardless of any potential action by the federal government related to the provisions of SB 987-990. I am also very concerned that the federal government would not recognize this tax structure as an eligible Medicaid matching fund source, putting at risk federal funding for critical state programs and putting our state budget out of balance.

I appreciate the Legislature's attempt to develop a more desirable mechanism than HICA for meeting our federal Medicaid matching requirements, and I look forward to continued discussions. However, I cannot lend my signature to this legislation as written.

Sincerely,

A handwritten signature in black ink, appearing to read "Rick Snyder".

Rick Snyder
Governor