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The Honorable Marvin L. Abney, Chairman
Of the House Committee on Finance
Rhode Island State House
Providence, RI 02903

RE: AHIP Comments on H-8242, An Act Relating to Health and Safety – Comprehensive Health Insurance Program

To Chairman Abney and Members of the House Committee on Finance,

America's Health Insurance Plans (AHIP) and our members are writing to respectfully express our opposition to H-8242, which would establish "the Rhode Island Comprehensive Health Insurance Program," a universal, comprehensive, single-payer health care insurance program.

Every American deserves affordable coverage and high-quality health care. AHIP shares the Committee's goal to make health care more affordable for all Rhode Islanders by delivering more choices and better quality at lower costs. However, completely overhauling Rhode Island's health care system into a one-size-fits-all government insurance system does not address the underlying costs of health care in the state.

Favorability for our current health care system has improved as lawmakers built on our current system to lower costs and expand access to care.¹ A recent poll shows that an increasing majority of voters prefer building on what's working in health care, earning more support than any government-run health care proposal.² Even more voters report they are unwilling to pay more for health care to create a new government health insurance system. We should focus on improving what's working while fixing what is broken to lower costs and expand access to affordable, high-quality coverage for everyone.

Efforts to enact a single-payer health care system on a state level have proved unworkable.

States that have attempted to enact statewide government-run health care systems have found them impossible to implement on a state level.

In Vermont, the government had to abandon its efforts to institute a single-payer system after predicting that they would need to institute a new employer payroll tax of 11.5 percent and an individual income tax of up to 9.5 percent to finance the program, while projecting that the program would save only 1.6 percent over 5 years.³ Former Governor Peter Shumlin argued that the current health care structure in the United States makes it difficult to enact single-payer on a state level because a vast majority of people are covered through employer-sponsored insurance, which is tax deductible.⁴ It is difficult, he noted, to transition those people to a single-payer system because they are reaping more benefits under the current system, and their taxes will increase substantially under single-payer. He believes that no state can implement a single-payer system without substantial federal reforms.

¹ KFF Health Tracking Poll: The Public's Views on the ACA, Kaiser Family Foundation, October 15, 2021.

² Voter Vitalis December 2022 Edition – National Tracking Poll, Partnership for America's Health Care Future, December 14, 2022.

³ McDonough, John. *The Demise of Vermont's Single-Payer Plan*. New England Journal of Medicine, April 23, 2015.

⁴ Interview with Governor Peter Shumlin. Politico State Solutions Conference, February 2016.

In 2016, Coloradans defeated Amendment 69, a ballot initiative to enact a single-payer system. The initiative included new taxes for employers and individuals, which would have nearly doubled state government spending.⁵ The Colorado Health Institute predicted that the program would slide into ever-increasing deficits unless taxes were increased because the program's revenues would not be sufficient to keep up with increasing health care costs.⁶

In addition, to implement a single-payer system like the one envisioned in S-572, the state would have to apply for numerous waivers from the federal government relating to Medicaid, CHIP, Medicare, and the commercial market. None of the existing waivers are meant to implement this type of system and it is unknown whether the federal government would approve waivers for such an effort or fund such a broad expansion of state government-run health care coverage.

Government-run health care systems do nothing to increase access to health care.

The data suggests that countries with single-payer systems must generally spend even more to provide their citizens with better access to care. In 2022, Canadian specialist physicians report a median waiting time of 27.4 weeks between referral from a general practitioner and receipt of treatment – up from the wait of 25.6 weeks reported in 2021.⁷ Moving to a one-size-fits-all government insurance system will lead to less competition, less innovation, and less efficient health care with higher taxes and costs for all Rhode Island families and employers. Simply, it would lead Rhode Islanders to pay more to wait longer for lower-value care.

Since the start of the COVID-19 pandemic in March 2020, the headlines have been clear – health care access is at its breaking point. A recent poll found that consumers were most concerned that government-run health care proposals would limit access to quality care.⁸

Rhode Island has done a tremendous amount of work to ensure patients get access to timely, quality care. Imposing a single-payer health care system could harm these existing consumer protections instead. For instance, it could destabilize rural hospitals and other health care providers by generating untenable large new blocks of business at below-commercial market levels of reimbursement. We must focus on filling the gaps in the current health care system, including investing in workforce development and increasing access to care in rural areas, but this bill does nothing to address those issues.

Government-run health care systems will raise costs for consumers and employers.

Under government-run health care systems, the government is the sole financier of health care services. Significant new taxes will be needed to fill the financial gap left by the elimination of market-driven health care premium dollars, and other cost pressures endured by the health delivery system as well. Experience and research show that eliminating a market-driven system is ripe for cost overruns, which then necessitates more funding through higher taxes.

For example, in 2017, the RAND Corporation estimated that financing a single-payer system in Oregon would require increases in personal income taxes by 6-8 percent and increased employer payroll taxes for all businesses with over 20 workers.⁹

Additionally, in California, the Legislative Analyst's Office estimated that enacting a single-payer system in California could cost around \$400 billion annually and require new state tax revenues in the low hundreds

⁵ 2016 State Ballot Information Booklet, Legislative Council of the Colorado General Assembly, September 12, 2016.

⁶ ColoradoCare: An Independent Analysis – Finances, Colorado Health Institute, August 2016.

⁷ Waiting Your Turn: Wait Times for Health Care in Canada, 2022 Report, Fraser Institute, December 8, 2022

⁸ Voter Vitalis: A Health Care Tracking Poll – November 2022 Edition, Partnership for America's Health Care Future, Prepared by Locust Street Group, November 2022.

⁹ White, Chapin et. al, A Comprehensive Assessment of Four Options for Financing Health Care Delivery in Oregon, RAND Corporation, 2017.

of billions of dollars.¹⁰ Sponsors of their failed single-payer legislation proposed new excise taxes, payroll taxes, and personal income taxes to pay for their program, with no data to show that the proposal could even be implemented or would save money.

Hundreds of thousands of Rhode Islanders have affordable health care coverage they value where they get the care they need when they need it – from the best doctors and hospitals in the world. We should therefore focus on building upon and improving what is working while fixing what is broken in health care. AHIP and its members know aspects of the delivery of health care can be improved and we firmly believe that when the free market and public programs work together, we can expand access to affordable, high-quality coverage for all Rhode Islanders. A complete overhaul of the health care system is the wrong approach.

For these reasons, we oppose H-8242 and ask the Committee not to pass this bill.

Thank you for your consideration of these comments. Our members stand ready and eager to work with policymakers and other stakeholders to make coverage more affordable, but we must do so in ways that do not destabilize an already fragile health care system. Thank you very much for your consideration of our comments.

Thank you for your consideration of our concerns. AHIP and our members plans are eager to continue to work to fight for more affordable health care for Rhode Islanders and patients, families, and employers across the country.

Sincerely,
America's Health Insurance Plans



By: _____
Terrance S. Martiesian

AHIP is the national association whose members provide health care coverage, services, and solutions to hundreds of millions of Americans every day. We are committed to market-based solutions and public-private partnerships that make health care better and coverage more affordable and accessible for everyone. Visit www.ahip.org to learn how working together, we are Guiding Greater Health.

¹⁰ A.G. File No. 2017-019, California Legislative Analysts Office, October 9, 2017.