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Testimony of
Christopher Carozzi, NFIB State Director
In Opposition to House Bill No. 8242
Relating to Health and Safety – The Rhode Island Comprehensive Health Insurance Program
May 22, 2024

Chairman Abney and Members of the House Committee on Finance:

My name is Christopher Carozzi. I am the Rhode Island Director of the National Federation of Independent Business (NFIB). A non-profit, non-partisan organization, NFIB is the nation's and Rhode Island's largest small business advocacy group. In Rhode Island, NFIB represents hundreds of small and independent business owners involved in all types of industry, including manufacturing, retail, wholesale, service, and agriculture. The average NFIB member has five employees and annual gross revenues of about \$450,000. In short, NFIB represents the small Main Street business owners from across the state. On behalf of those small and independent business employers in Rhode Island, I urge you to oppose this costly single-payer healthcare proposal.

Small business owners have serious concerns with the implementation of a single-payer, government-run healthcare program in Rhode Island. The funding needs for this type of healthcare structure would be massive. How will Rhode Island afford the staggering cost of government-run healthcare without bankrupting the state, its private businesses, and its residents?

This bill calls for new payroll taxes to be created in order to fund this program. It will mainly be financed through a 10 percent payroll tax in which the employer is mandated to pay 80 percent of the tax, while employees will be required to pay the remaining 20 percent. Self-employed individuals and unearned income will also be taxed at a 10 percent initial rate. The bills allow for these amounts to be adjusted based on the needs of the trust.

In several sections of the legislation proponents assert these proposals will lower costs yet give little-to-no proof of such wild claims. In fact, the legislation builds in the potential for additional taxation by granting the Legislature or Governor an opportunity to add supplemental funding sources to meet the needs of this healthcare funding scheme: *"The governor or general assembly may provide funds to the RICHIP trust fund."* It appears a recognition that the payroll taxes alone will in no way be adequate to cover the exorbitant cost of single-payer healthcare.

The short-lived Vermont experiment with a single-payer healthcare program should serve as a cautionary tale for Rhode Island. After the Vermont Legislature passed, and Governor Peter Shumlin signed, single-payer healthcare into law, the state was forced to abandon the program due to the

overwhelming cost. The proposal was scuttled by Governor Shumlin, fearing the high payroll taxes would have a detrimental impact on Vermont's economy, the same concern NFIB shares for the economic well-being of Rhode Island.

If this scenario unfolded in Vermont, with a state population about half the size of Rhode Island, I fear what the negative fiscal impact will mean for this state. Vermont learned only after their Legislature voted, that imposing a single-payer system meant their state budget would double, financially crippling the Green Mountain State. With the already inflated cost of insurance in Rhode Island, what will the budgetary impact be for this proposal? What additional revenue will be required to fund such an uneconomical program?

NFIB fully agrees that the cost of health insurance is far too high for both Rhode Island small businesses and their workers, but more government control is not the solution. Instead of burdensome new payroll taxes and added government control of care, healthcare solutions should involve more consumer choice. Rhode Island must work to provide additional choices for consumers through increased, free market competition, not limit residents to a single, government-run option. NFIB strongly favors more free market solutions to lower health costs through competition and greater consumer options.

Government must seek ways to instill competition into healthcare by reducing mandates and increasing transparency. For all of these reasons, NFIB opposes House Bill No. 8242 calling for single-payer healthcare in Rhode Island. I urge you to reject this unsustainable proposal. Thank you.