



May 22, 2024

Honorable Marvin Abney
Chairman, House Finance Committee
Rhode Island State House
Providence, RI 02903

RE: H.8242, An Act Relating to Health and Safety – The Rhode Island Comprehensive Health Insurance Program

Chairman Abney and Committee Members,

The undersigned members of the Rhode Island Business Coalition would like to express our opposition to H.8242, An Act Relating to Health and Safety – The Rhode Island Comprehensive Health Insurance Program. The legislation would establish the Rhode Island Comprehensive Health Insurance Program (RICHIP), an independent agency of state government intended to provide health insurance coverage to all Rhode Island residents.

According to the legislation, the RICHIP director would be required to submit to the governor and the General Assembly an initial plan to provide the revenue necessary to finance RICHIP, including any necessary legislation, for the fiscal year commencing the year after this chapter is enacted. It is unclear, however, whether even a full year is a sufficient and feasible timeline for fundamentally restructuring the entire state healthcare system. There are currently no examples in the US of a state that has successfully designed and implemented a single-payer system to serve as a model for Rhode Island, and many questions remain about the intent, impact, and potential consequences of this legislation.

The Rhode Island Business Coalition has several concerns regarding this legislation. One major concern relates to funding – that is, how will the state raise the funds necessary to provide comprehensive health insurance coverage to all qualified Rhode Island residents. Initially, the trust fund established to fund the program will be financed through a ten percent payroll tax based on the projected average payroll of employees over three previous calendar years. The employer will be required to pay eighty percent of the tax, while employees will be required to pay twenty percent. Similarly, unearned income will also be taxed at a ten percent initial rate. In subsequent years, the director will adjust the payroll and unearned income tax rates to adequately fund the RICHIP trust fund, and to ensure that higher brackets of income subject to these taxes are assessed at a higher marginal rate than lower income brackets.

The act suggests that RICHIP will lower healthcare costs and produce savings, but it is difficult to determine whether that is the case without knowing how much the program will cost in the first place. Vermont's attempt to adopt a single-payer healthcare system suggests there is cause for concern – the state's governor ultimately decided not to move ahead with implementing the single-payer system after a financial report showed that the cost of the program would almost double the size of the state's budget and require large tax increases for both residents and businesses. No fiscal note has been written to examine the impact this legislation would have on the state's budget and finances or the on the general economy.

A second major concern relates to the impact this legislation will have on the healthcare industry in Rhode Island. The legislation requires that participating providers adhere to reimbursement rates equal to the federal Medicare program reimbursement rates or to rates established by the Director. Before any action is undertaken by the General Assembly, the Business Coalition believes it is imperative that the state carefully study the impact this will have on the healthcare sector, the quality of healthcare available in the state, and on the economy as a whole. The potential impact on the quality of healthcare available in the state is especially important, since the legislation specifies that RICHIP will not pay for healthcare services provided outside of Rhode Island except under a limited set of circumstances.

Finally, the Rhode Island Business Coalition is concerned that this legislation would make our state a national outlier. As previously noted, no other state in the country has successfully designed and implemented a single-payer system to serve as a model for Rhode Island. Employers will be hesitant to move to or expand in Rhode Island without understanding how legislation such as this bill would impact their bottom line moving forward. This legislation would also require businesses operating in multiple states to adopt special policies for their Rhode Island locations. At a time when policymakers are working to improve Rhode Island's business climate, this legislation would move us in the wrong direction.

In the face of these concerns, the Rhode Island Business Coalition urges you to take no further action on this legislation. Thank you for your time and consideration.

Sincerely,

Associated Builders and Contractors, Rhode Island
East Greenwich Chamber of Commerce
Energy Marketers Association Rhode Island
Greater Newport Chamber of Commerce
National Federation of Independent Business
Rhode Island Manufacturers Association
Rhode Island Partnership for Home Care
Rhode Island Small Business Economic Summit Tax and Budget Committee
Rhode Island Society of Certified Public Accountants
Rhode Island Staffing Association
Sustainable Benefits Strategies, LLC

The Rhode Island Business Coalition represents 50 industries and 6,280 businesses that employ 231,200 people throughout Rhode Island.