

May 20, 2025

Rhode Island State House  
House Committee on Finance

Re: Support of H-5996, “Rhode Island Individual Market Affordability Act of 2025”

RIPIN thanks the House Committee on Finance for the opportunity to submit this testimony in support of H-5996, which would help maintain affordable health insurance coverage for Rhode Islanders who buy coverage through the HealthSourceRI individual marketplace, **with no direct impact on general revenue.**

Health insurance access is at a crossroads. Proposed federal cuts to Medicaid and individual marketplace coverage threaten to terminate coverage for at least 13.7M people, and would destabilize access to care for Rhode Islanders. But while the proposals going through Congress at this point remain only proposals, one thing is certain: without federal action, **federal enhanced assistance for people who buy coverage through HealthSourceRI will expire at the end of 2025.**

Established as part of the Affordable Care Act, HealthSourceRI serves as a backstop for Rhode Island’s health insurance consumers who cannot obtain health insurance elsewhere. HealthSourceRI enrollees include self-employed Rhode Islanders; people who work for small firms that do not offer health insurance; people who transition off of Medicaid due to increased income; and people at transitional points in their life, like changing jobs, graduating from school, moving, or retiring. More than 40,000 Rhode Islanders currently have coverage through HealthSourceRI, and **more than 162,000 Rhode Islanders have had coverage through HealthSourceRI at some point.** Without that option, many of those Rhode Islanders would have been uninsured – coverage through HealthSourceRI has helped bring Rhode Island’s uninsured rate down by 75%, from over 10.9% in 2012 to 2.2% in 2024.

Part of what makes HealthSourceRI an attractive pathway to coverage is the financial assistance available to enrollees – many of whom are low- or moderate-income (despite being over the Medicaid income threshold). More than 90% of HealthSourceRI enrollees qualify for financial assistance to keep their premiums lower – and thanks to federally enhanced assistance (originally established under the American Rescue Plan Act in 2021 and extended through 2025 by the Inflation Reduction Act), the **average monthly out-of-pocket premium paid in 2024 was 9% lower** (\$106.36) than the average out-of-pocket premium paid in 2017 (\$117.28), despite the underlying total cost of coverage having increased by 57% (from \$349.63 to \$548.65/month).

However, that enhanced federal assistance will expire at the end of 2025. When the federal subsidy structure reverts to pre-2021 levels, premium costs will skyrocket for Rhode Islanders enrolled in HealthSourceRI coverage. The average enrollee receiving financial assistance will see their **monthly premium rise by 85%.** But some enrollees will be hit much harder. Lower-income enrollees will see the largest percentage increase. A 45-year-old making \$27,284 a year – over the Medicaid income limit, but well below the standard of living in any Rhode Island community – **would see her premium increase by 387%.** And a 64-year-old couple making \$85,000 a year combined would see their premium increase from \$602/month to \$1,992/month – **28% of their income would go just to cover their premium,** let alone any health care costs, rent, groceries, or other needs, potentially putting retirement out of reach. As a result of these premium jumps, **30% of HealthSourceRI enrollees are expected to lose their coverage** – and since HealthSourceRI is the backstop program for people who cannot obtain coverage elsewhere, most of those departing enrollees would likely become uninsured. That would put them on the hook for any expected or

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unexpected health care costs – and would put further strain on an already-beleaguered health care system when consumers cannot afford their bills.

Seeing the potential threat of the expiration of this federal enhanced assistance, the House in 2024 passed H-8332Aaa, which called on HealthSourceRI to convene a workgroup to study potential avenues for State action to address this crisis, including what the design of a program might be and how such a program could be funded, and to deliver a report to the General Assembly detailing those discussions. As detailed in the report from that workgroup, entitled [“Coverage at Risk: State Actions to Keep Rhode Islanders Covered,”](#) the workgroup participants coalesced around two central points: first, **the State should replace the expiring federal assistance in full** (an estimated total program size of \$40 million) to avoid the negative outcomes detailed above, and second, **the funding mechanism for such a program should be as broad-based as possible** to avoid putting undue strain on the fully-insured market while protecting HealthSourceRI’s role as a backstop for other insurers. Specifically, the workgroup (and HealthSourceRI’s report) determined that the existing Healthcare Services Funding Contribution approach (codified at R.I.G.L. Ch. 42-7.4) would best achieve the goal of being broad-based, as that approach includes both the fully-insured and self-funded markets, addressing reasonable concerns articulated last year that an insurer assessment would “squeeze” the fully-insured market. Such a funding mechanism would also help reduce the magnitude of the assessment; estimates delivered to the workgroup indicated that a 1% assessment on impacted plans would fully fund the program. And it would accomplish the important goals of the program with no direct impact on State general revenue.

**This bill implements the program as prioritized by the HealthSourceRI workgroup and its report.** It establishes a stakeholder board to deliver recommendations on the design and size of the state affordability program, using replacement of the expiring federal assistance as the baseline for 2026. It also establishes a new funding stream – modeled on but distinct from existing funding streams created by the Healthcare Services Funding Contribution for programs that benefit the insurance system as a whole, like vaccination programs and children’s health – which is funded by an assessment on health insurers in the state. HealthSourceRI is then tasked with setting the final parameters of the program, including the total amount of money required, and implementing the program to maintain affordability and access within the individual market.

**The fiscal note prepared for this bill echoes the estimates that informed the HealthSourceRI workgroup.** That fiscal note confirms that the premium assistance and the cost to HealthSourceRI to administer the program would be covered by the approximately 1% assessment and would have no direct general revenue impact. The fiscal note did identify that the use of the term “tax credit” (which is the existing federal terminology) within the proposal would require administration by the Division of Taxation. However, the premium assistance created by this program was always intended to be paid directly from HealthSourceRI to the insurance carrier, attributed to each individual enrollee, rather than through tax filings. Advocates and the bill sponsors are working on amendment language that would accurately reflect the fact that the Division of Taxation is not intended to have a role in the administration of the program, removing any costs attributed to their involvement.

**The consequences of not taking action in response to the loss of federal assistance would be catastrophic** for the Rhode Island health insurance market. Exploding premium costs would force many Rhode Islanders to lose their health insurance and subsequently forego the care they need. HealthSourceRI would no longer function as part of a guarantee of affordable health insurance for all Rhode Islanders; just like before the Affordable Care Act, health insurance would no longer be



accessible to people above the income limit for Medicaid but who can't afford the high cost of coverage.

**H-5996 would help maintain coverage** for the many people who have come to see HealthSourceRI as a valuable source of health insurance, both for the long term (if they aren't offered coverage through employment) or for transitional periods. And by keeping people covered, it would help ensure that Rhode Islanders retain access to the health care services they need, and that the Rhode Island health care delivery system doesn't absorb another financial threat to its solvency.

RIPIN strongly urges the House Committee on Finance to approve this important legislation to protect health care access and affordability for Rhode Islanders. Thank you for the opportunity to provide these comments. RIPIN is a statewide nonprofit founded in 1991 by a group of parents of children with special healthcare needs. While RIPIN's roots are in serving children and families with special needs, RIPIN now serves all Rhode Islanders who might benefit from education, advocacy, and peer support in navigating healthcare and education systems. RIPIN operates Rhode Island's health insurance consumer assistance program, RIREACH, which has helped several thousand Rhode Islanders save more than \$8 million in health care costs since 2018.

Sincerely,

/s/

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