

April 8, 2026

Rhode Island State House
House Finance Committee

Re: **Support** of H-8191 (Taxation – HSRI Data Sharing)

Dear Chair Abney and members of the Finance Committee:

Thank you for the opportunity to provide this testimony **in support of H-8191**, which would enable the Division of Taxation to share information with HealthSource RI (HSRI) about tax filers who pay a shared responsibility payment penalty (or “individual mandate penalty”), in order to facilitate HSRI’s efforts to promote health insurance enrollment and minimize the number of Rhode Islanders who are paying an individual mandate penalty despite being eligible for affordable health insurance.

The Affordable Care Act, as part of its broad expansion of health insurance access, included a federal individual mandate which was intended to incentivize people to enroll in coverage and drive toward a goal of universal coverage. Tax filers who were eligible for but did not enroll in health insurance were subject to a financial penalty on their federal income taxes. After the elimination of the federal penalty, Rhode Island established its own state individual mandate which became effective in 2020. Rhode Islanders without health insurance must either meet one of several exemptions (including a lack of access to affordable coverage, membership in a religious sect that objects to insurance, or a broad hardship exemption) or pay a penalty, which in 2026 is the higher of a flat amount (\$695/adult and \$347.50/child in the household) or approximately 2.5% of taxable income, with a cap of approximately the cost of an unsubsidized bronze plan on HSRI for everyone in the household.

While many lower-income households are exempt from the penalty (either because they do not meet the filing threshold, or because they meet a hardship exemption), many low- and middle-income households end up paying significant tax penalties despite being eligible for low-cost plans through HSRI. Even despite the expiration of enhanced premium tax credits effective January 1, 2026, many applicants who would be subject to the penalty, which comes out to about \$58/month at a minimum, could purchase a subsidized bronze-level plan for less than the cost of the penalty. For example, a single 50-year-old making \$35,000/year, or just over minimum wage, could get the cheapest bronze plan for \$23.17/month. Even absent the myriad benefits of having health insurance, that applicant would save money by enrolling in coverage. And many residents with slightly higher incomes that are currently paying the individual mandate penalty would be much better served by enrolling in a plan that offers them something, even if it costs slightly more than paying the individual mandate penalty they’re currently paying.

However, many of these individuals do not know that they could be eligible for a plan that could cost around as much (or even less) than the penalty they’re paying. That’s because currently, HSRI has no information about the specific individuals who pay the penalty, meaning HSRI cannot effectively conduct individualized outreach. H-8191 would change that, allowing the Division of Taxation to share demographic information of taxpayers who pay the penalty (and who don’t opt out of information-sharing) with HSRI, hopefully facilitating some of these individuals enrolling into affordable coverage and avoiding future individual mandate penalties.

RIPIN notes that H-8191 includes a sunset date for this information-sharing. RIPIN would encourage that this program be established either without a sunset or with a longer sunset (rather





than the two-year program established currently), allowing for this valuable information-sharing to continue and for HSRI's enrollment facilitation efforts to be as robust as possible.

RIPIN encourages the Committee to approve H-8191 and make it easier for uninsured individuals paying the individual mandate penalty to be contacted and offered affordable health coverage through HSRI. Thank you for the opportunity to provide this testimony.

Sincerely,

/s/

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