

PIPP?

Percentage of Income Payment Plan

Because basic utilities are a HUMAN RIGHT

What is it?

Rhode Islanders under the poverty line pay 44% of their income to utilities. Under PIPP, people pay a **fixed percentage of their income** for utilities. We aim to decrease this percentage to **2-4%** of a household's income.

Why?

IT WORKS. Over a dozen states including Ohio, New Jersey, and Maine, have successful PIPP's. In Illinois PIPP lowered 90% of elderly customers' heating bills.

IT BENEFITS EVERYONE. Low-income families could save over \$800 every year.

WHAT YOU CAN DO

We need power to enact change. Power comes from you.

- Attend weekly meetings at the George Wiley Center every Wednesday at 6:30pm
- Contact your legislators, using the George Wiley Center as a resource

SIGN THE PETITION

tinyurl.com/pippRhodelsland

MAKE CHANGE HAPPEN TOGETHER.

2021 -- HB-5809
Rhode Island

THE PERCENTAGE OF INCOME HOME ENERGY RATE AFFORDABILITY ACT

In support of a “PIPP” (Percentage Income Payment Program), creates the Home Energy Rate Affordability Program to ensure that utility rates are affordable for low-income households.

HB-5809 Introduced by: Representative Scott Slater

Why should I support PIPP?

PIPP stands for Percentage of Income Payment Plan. Recognizing that utility service is a basic need and an essential element of adequate housing, PIPP programs help make sure all have access to affordable utility service. Under a PIPP, low-income households pay a fixed percentage of their income for utility bills. This percentage depends on the Federal Poverty Level of that household— those with the highest Federal Poverty Level pay the smallest percentage of their income for utility bills.

Right now, Rhode Islanders living under the Federal Poverty line routinely spend 44 percent of their income on utilities. While storm-related temporary power outages make the news, each year thousands of RI households are put through the trauma of utility termination due to unaffordable bills. Too many go weeks or months without access to basic needs. A PIPP plan would allow people with the lowest incomes to pay a more manageable amount for their utilities and help stop the shut-off crisis in Rhode Island.

Has PIPP worked before?

Yes! Rhode Island was one of the first states in the country to implement a PIPP in the late 1980's. It lasted successfully for several years before being phased out due to cuts in federal LIHEAP funding. Currently, over a dozen states such as Ohio, New Jersey, and Maine have successful PIPP programs. In Illinois, for example, a PIPP lowered 90% of elderly customers' heating bills— more than any other utility assistance plan did.

THE HOME ENERGY RATE AFFORDABILITY ACT (RI 2021 -- **HB-5809**)

Overview of the bill: Creates a “PIPP” (Percentage Income Payment Plan) to be known as the “Home Energy Rate Affordability Program”, to ensure utility service is affordable for low-income households and to help alleviate the shut-off crisis in Rhode Island.

- Creates the Home Energy Rate Affordability Program
- Eligible to households at or below 150% federal poverty level who are enrolled in LIHEAP (Low Income Home Energy Assistance Program)
- Reduces eligible households' energy burden to an affordable percentage of income
- Affordability and credits to consumers' utility bills determined using several tiers, based on income level and type of energy use, with affordable energy burden ranging from 2% to 4% of a household's gross annual income
- Program funds may also be used for household utility crisis intervention, with utility consumers encouraged to enroll in existing arrearage management programs if applicable
- Maximum energy usage eligible for the program, limit based on household size, condition of dwelling, and average RI household energy use, with limit no lower than 150% of median RI household energy use
- Conservation may be rewarded with reduction in percentage payment required
- Funded through a monthly charge to all gas and electric accounts: \$1.55/month for residential gas and electric accounts (including low-income households), and tiered charges for commercial and industrial utility accounts based on energy usage
- Program funded for three years based on initial monthly charges, subsequently funded by sufficient monthly charges to be set by the RI Public Utilities Commission annually
- Establishes a dedicated “rate affordability account”, operated by an independent nonprofit trustee, with funds provided on a first-come, first-served basis, as long as funds are available, and with funds to be fully expended annually (including interest)
- Administered through the Department of Human Resources, who already coordinates with CAPs to gather the same information for LIHEAP eligibility that is required for this program
- Annual reports and evaluation after 3 years to assess the program's impact

George Wiley Center
& Brown University

Percentage of Income Payment Plan (PIPP) Report

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December 2020

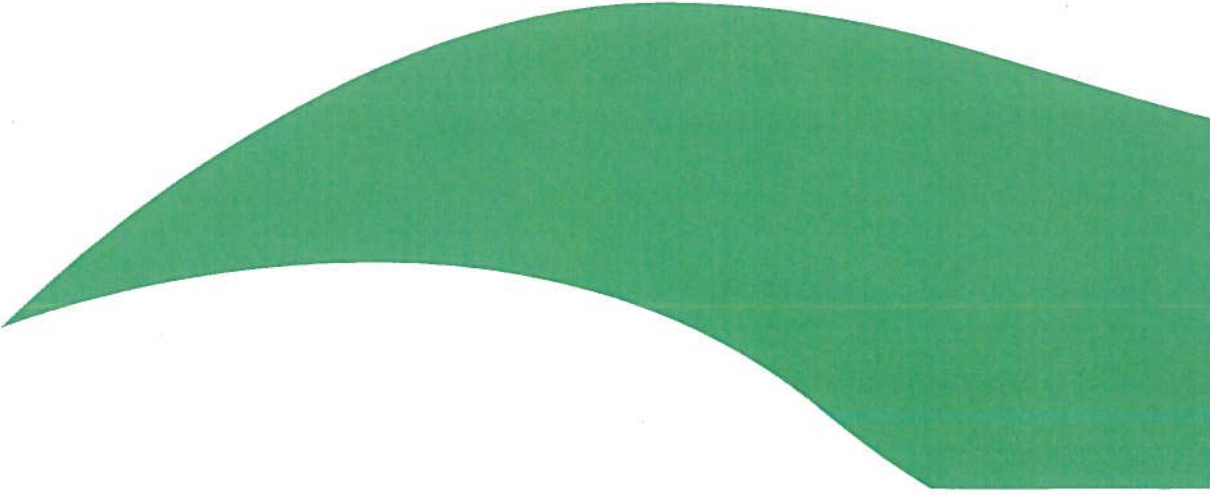




Executive Summary

This report outlines Percentage Income Payment Plans (PIPPs) in other states in order to further inform advocacy for the implementation of a PIPP in Rhode Island. Affordable energy is a universal human need, and therefore a human right. PIPP programs serve to make energy and utility bills more affordable and manageable for eligible citizens with a demonstrated need. The enactment of a statewide PIPP would be a crucial step in achieving utility and economic justice in Rhode Island, and has been pushed by grassroots activists working to bring about such justice, such as the George Wiley Center, since the state's original PIPP program ended in the 1990s. Since then, ef-

forts to reinstate the program have been stymied by lack of funding and widespread governmental support. Understanding the successes and failures of other PIPP programs across the United States can begin to inform specific policy goals and the overall design of a Rhode Island PIPP that will be both feasible and best serve the needs of low-income residents. This report will organize known information about each state's energy and utility policy landscape as well as the specifics of their existing PIPP programs. In addition, it will provide first-hand knowledge about their implementation and results via interviews with advocates and officials with intimate knowledge about the individual programs.



Colorado

Utilities and Energy Regulation

Utilities in Colorado are regulated by the Public Utilities Commission (PUC) and legislation from the Colorado General Assembly. Typically, the General Assembly does this through the PUC by passing legislation that changes PUC focuses or policies.¹ The PUC is made up of three commissioners, a director, and around 95 employees split into working sections. Commissioners are appointed by the governor and confirmed by the Senate for 4-year terms. The commissioners hold both rule-making and adjudication duties. The director manages the day-to-day operations and the sections support the commissioners through research, audits, inspections, etc.² Additionally, the Colorado Energy Office, a non-regulatory department within the Governor's Office promotes clean energy policy and monitors changes in regulation for public awareness. Local jurisdictions also determine local building energy codes, which determine energy efficiency and other energy-related requirements during construction or renovation projects.³

On August 11, 2011, the Colorado Public Utilities Commission (PUC) required utilities to limit energy bills for low-income customers. This was made possible in 2010 when the Colorado Legislature removed the restriction on allowing different rates for low-income customers. According to "Connections," the PUC Newsletter, the PUC's decision was prompted by Energy Outreach Colorado's advocacy and substantial data that the rules were needed.⁴

Rather than having one plan for the entire state, each utility was required to submit their own plans to be approved

in the spring of 2012 and implemented by the following fall (start of the heating season). The ruling also laid out an alternate pre-approved plan for the utilities to implement, but none of them used this option. Additionally, the rules included debt-relief provisions for outstanding arrearages and provisions for encouraging participation in energy efficiency programs. Though each plan is different, electric bills for qualifying participants are limited to 4–6% annual household income and 2–3% for gas bills. The programs are funded by a charge distributed across all other customers.⁵

The Colorado Energy Office also commissioned an audit and report to study the effectiveness of PIPP in Colorado.⁶ In interviews with PUC officials, they stressed that this was an important aspect, and recommended being intentional about collecting data early in order to facilitate this evaluation.

Black Hills Energy Assistance Program

The Black Hills Energy Assistance Program (BHEAP) automatically enrolls qualified households defined by participation in the Colorado Low Income Home Energy Assistance Program (LEAP) (or pending eligible application), household income at or below 185% the Federal Poverty Level, and participation in Budget Billing (which averages monthly spending to a relatively stable fee throughout the year). Participants receive an "affordable bill" calculated by the utility relative to income level.⁷

Colorado Natural Gas CAP Program

Colorado Natural Gas's CAP Program similarly enrolls LEAP-qualified customers. Based on a company-calculated, three-tiered sliding scale, participants receive a single lump sum of bill credit, in addition to arrangement forgiveness.⁸



- 1 "Energy Policy," Colorado Energy Office, accessed November 24, 2020, <https://energyoffice.colorado.gov/energy-policy>.
- 2 "About the PUC," Public Utilities Commission, Colorado Department of Regulatory Agencies, accessed November 24, 2020, <https://puc.colorado.gov/aboutpuc>.
- 3 "Regulatory Information," Colorado Energy Office, accessed November 24, 2020, <https://energyoffice.colorado.gov/regulatory-information>.
- 4 "Rules limit energy bills for low-income," Connections: Newsletter of the Colorado Public Utilities Commission, September, 2011, https://drive.google.com/file/d/0B_jCd57KPowiWkZPdIgzZTRsNzA/view?usp=sharing.
- 5 "Regulated utilities establish energy affordability programs," Connections: Newsletter of the Colorado Public Utilities Commission, May, 2012, https://drive.google.com/file/d/0B_jCd57KPowic1VZWFNIOVRfLVU/view?usp=sharing.
- 6 View the report here: [Evaluation of the Percentage of Income Payment Plans](#)
- 7 "Black Hills Energy Assistance Program," Black Hills Energy, accessed November 24, 2020, <https://www.blackhillsenergy.com/billing-and-payments/assistance-programs/black-hills-energy-assistance-program>.
- 8 "Weatherization and Payment Assistance Programs," Colorado Natural Gas, accessed November 24, 2020, <https://coloradonaturalgas.com/PaymentAssistance>.

Atmos Energy PIPP

Atmos Energy uses a Percentage of Income Payment Plan that automatically enrolls eligible LEAP participants. It also requires participation in the Budget Billing plan. Like most PIPPs, energy bills are capped at a certain percentage of income.⁹

Xcel Energy's Affordability Programs

Xcel Energy's Gas and Electric Affordability Programs (GAP and EAP) automatically enroll LEAP participants and discounts bills in relation to income.¹⁰

Quotes

"Helping a few thousand [people through this program] is better than the status quo doing nothing... [It's] all about incremental improvement." -*Gabe Dusenbury*

Illinois

Energy Politics in Illinois Background

Like much of Illinois state politics, utility regulation and energy policy has been mired with corruption and bribery scandals in the past. One recent incident saw the House speaker receive personal favors and jobs for friends with the utility company Edison, in exchange for passing legislation in favor of the corporation.¹¹ Legislature in the past few years has attempted to reel in the corruption rampant in energy politics. During the period in which PIPP was created, Rod Blagojevich was governor. He was infamously impeached and sent to jail after soliciting bribes to sell off the vacant senate seat of Barack Obama.¹² Needless to say, the environment of state energy politics has not reliably focused on

the needs of the community, though PIPP was an important exception to this trend.

Generally, the Illinois Commerce Commission (ICC) regulates public utilities by setting rates and charges for service.¹³ The ICC is made up of five commissioners, each of whom is appointed by the governor and confirmed by the state senate for 5 year terms.¹⁴ At the time of the PIPP pilot and passage, Charles E. Box was the chairman of the ICC.¹⁵ However, another key government body in the movement to create a PIPP was the Department of Commerce and Economic Opportunity (DCEO), which administers the PIPP program directly.¹⁶

In 2004, the Affordable Energy Plan was authored, due to the work of organizers looking to expand LIHEAP programs in Illinois.¹⁷ This laid the foundation for a PIPP program to be passed several years later, by providing detailed information on the state of utility assistance and its failures at the time.

Basics of the Illinois PIPP

Following a pilot program from 2007 to 2009, Illinois passed PIPP legislature in 2009 (305 ILCS 20).¹⁸ It fully went into effect in 2011, was suspended in 2015 due to funding issues, and was reinstated in 2016.¹⁹ Essentially, the program aims to make utility bills (gas and electric combined) equal to 6% of income or less, by paying a credit directly to the vendor on behalf of the PIPP household.²⁰ Yearly credits cannot exceed \$1,800, and monthly credits cannot exceed \$150, but otherwise the credit will amount to whatever value is necessary to reduce the utility bill to 6% of income.²¹ Eligible participants are normally those below 150% of the poverty line.²²

One element of this program that seems unique as compared to other states is the benefit for paying on time and alleviating past debts. For each time that a PIPP household pays their bill on time, an additional credit equal to 1/12

9 "Colorado Weatherization," Atmos Energy, accessed November 24, 2020, <https://www.atmosenergy.com/ways-to-save/colorado-weatherization>.

10 "Electric and Gas Affordability Programs," Xcel Energy, accessed November 24, 2020, https://www.xcelenergy.com/billing_and_payment/understanding_your_bill/energy_assistance_options/electric_&_gas_affordability_programs.

11 Dan Gearino, "Illinois and Ohio Bribery Scandals Show the Perils of Mixing Utilities and Politics", Inside Climate News, 7 July 2020, <https://insideclimatenews.org/news/25072020/ohio-illinois-bribery-scandals-utilities-climate-change-commonwealth-edison-first-energy-householder>.

12 Monica Davey and Mitch Smith, "Who is Rod Blagojevich? Why did President Trump Commute his Sentence?", The New York Times, 18 February 2020, <https://www.nytimes.com/2020/02/18/us/rod-bлагоjevich-sentence.html>.

13 "Illinois Board, Commission, Task Force, and Council List", State of Illinois Appointments, <https://www2.illinois.gov/sites/bac/SitePages/AppointmentsDetail.aspx?BCID=1113>.

14 "Illinois Board, Commission, Task Force, and Council List"

15 "Chairman and Commissioners", Illinois Commerce Commission, <https://www.icc.illinois.gov/about/commissioners>.

16 "Utility Bill Assistance", Illinois Department of Commerce and Economic Opportunity, <https://www2.illinois.gov/dceo/CommunityServices/UtilityBillAssistance/Pages/default.aspx>.

17 "Affordable Energy Plan", September 2004, http://www.iacaanet.org/docs/programs/il_aff_energy_plan.pdf.

18 305 ILCS 20/18 (2009).

19 "Illinois Ratepayer Funded Programs", LIHEAP Clearinghouse, <https://liheapch.acf.hhs.gov/dereg/states/il/snapshot.htm>.

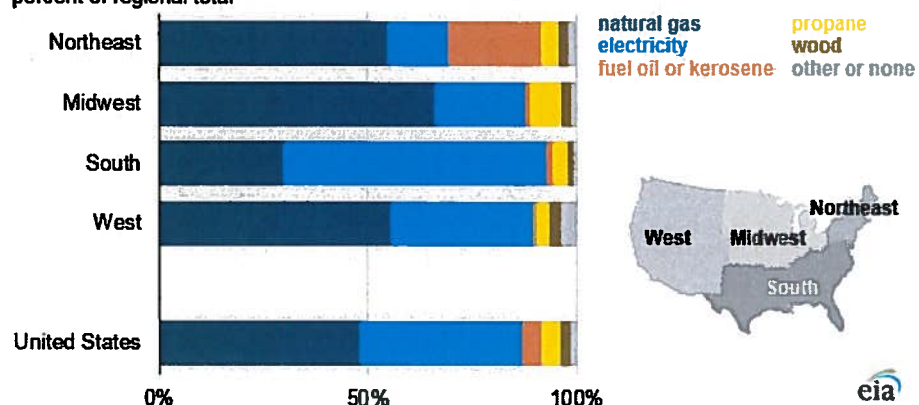
20 "Illinois Ratepayer Funded Programs"

21 "Illinois Ratepayer Funded Programs"

22 "Illinois Ratepayer Funded Programs"

of the monthly credit will be applied to pre-existing debt to the utilities company.²³ This accumulates to a possible \$1000 credit per year for gas or electricity.²⁴ Thus, PIPP households are rewarded for establishing better payment patterns, and are empowered to reduce any previous debt before joining the program. If an eligible household was unable to join PIPP due to funding or timing constraints, they can still benefit from the arrears reduction program.²⁵

U.S. household heating fuel shares by Census region, 2015
percent of regional total



Funding and Scope

Since PIPP is one of several LIHEAP programs in Illinois, it is funded through the same sources. This primarily includes SLEAF, in which a small meter charge on both residential and business public utilities accounts is set aside each year.²⁶ Additionally, at the beginning of the program, public utilities companies contributed sizable one-time donations, and SLEAF can continue to accept donations from other sources. As of 2015, PIPP served 55,863 households and was given a budget of \$72.7 million.²⁷

Effectiveness

A study of the pilot program in 2009 found that PIPP successfully reduced the energy burden for participants and improved their energy security.²⁸ As the study was done prior to the arrears element, they were not able to study its impact specifically. However, this report did note the need to reward on-time bill payment and alleviate debt after finding that some PIPP participant payment patterns deteriorated over the course of the program. It recommended incorporating a program similar to the arrears reduction due to this observation.²⁹

Organization Involved in Illinois PIPP

APPRISE originally conducted the research on the PIPP pilot mentioned above, which likely played a significant role in legislation being passed. Additionally, leaders of the Illinois Community Action Agency (ICAA) played a large role in raising awareness of utility justice issues. The Illinois Affordable Energy Campaign (IAEC) formed to write the Affordable Energy Plan, which, as mentioned above, played a large role in promoting PIPP legislation several years later.

Quotes

“The utilities fought like crazy to keep it from happening. And it took us four years, four years of advocacy to convince them that the PIPP was really a good thing, because it actually guaranteed that the people participating in the PIPP, it guaranteed that their monthly bills would be paid.”
-John Colgan

“Because we did a study, and we figured out that the average utility customer in Illinois pays the 6% of their income for their home heating for their home utilities. And so we thought, Okay, how much are they paying? Well, we found out it was 25 to 30% of low and moderate income, customers are paying that much of their income, just towards keeping the lights on. 25 to 30%. So, we said, Oh, no, that well, this is just totally unfair.” -John Colgan

“Part of the reason that I’m supposed to do this is because I want people to understand, you know, there is no crime and asking for help. We all need help. At some point in our lives, most of the world is a couple of paychecks away from needing help.” -Mindy Browning

“I think every community action agency would want to see a PIPP because, you know, like I said, if, if we could get everything into place, I’d like to see more energy education in place, but it’s that first foot in the door of, “Okay, I have went for so long, not paying my bill because my bill is so astronomical, I don’t even know what to do with it.” And we have people like that, that don’t even you know, they can’t even fathom, “I just got a \$500 bill in the month in the mail, for my utilities, and I’m getting home with \$150 a week, I can’t pay that. So I just don’t.” And you know, even Ameren, is really good about having their own credit checks. And so if

23 “Illinois Ratepayer Funded Programs”

24 “Illinois Ratepayer Funded Programs”

25 “Illinois Ratepayer Funded Programs”

26 “Illinois Ratepayer Funded Programs”

27 “Illinois Ratepayer Funded Programs”

28 “Illinois PIPP Program Impact Evaluation”, APPRISE Inc, December 2009, <http://www.appriseinc.org/reports/Illinois%20PIPP%20Impact%20Report%20-%20FINAL.pdf>.

29 “Illinois PIPP Program Impact Evaluation”, 2009.

you pay something on your bill, it's better than nothing. But if you've got PIPP, and you're that low income family, then you're paying 6%. So you're getting home with 150, let's say you make \$800 a month, and you're paying \$50. And if that bill is, 500, you know, you're going to have to pay, well, you're going to be on a budget bills, where the bill wouldn't be 500 all at once, anyway. But you're knowing I've as long as I can pay my 50 bucks, I'm okay." -Mindy Browning

Maine

State of Energy and Utility Policy in Maine

Maine currently has a collection of programs and initiatives specific to utilities. While they do not have a statewide Percentage of Income Payment Plan, they have shown diverse offerings in terms of aid. Since its creation, Maine has made use of the federally funded Low Income Home Energy Assistance Program (LIHEAP).³⁰ In 1991, state legislation ordered low-income rates or other programs from investor-owned utilities. These came in the form of a rate discount, a PIPP variation, and a bill credit program. The largest program today is run by Central Maine Power: a PIPP that keeps electric bills within four to ten percent of a customer's total income.³¹

In 1997, Maine's restructuring law stated that "in order to meet legitimate needs of electricity consumers who are unable to pay their electricity bills in full and who satisfy eligibility criteria for assistance, and recognizing that electricity is a basic necessity to which all residents of the State should have access, it is the policy of the State to ensure adequate provision of financial assistance". The 1997 legislation directed the Maine Public Utilities Commission (MPUC) to oversee the implementation of a statewide assistance program for low-income electricity consumers. The result came in October 2001 with the Low Income Assistance Program (LIAP) which continued the large utility programs and mandated that all electric utilities participate in the plan. In 2002, Efficiency Maine was established as a statewide effort to promote the more efficient use of electricity and help reduce electric costs for residents and businesses. Since 2004, Efficiency Maine has played an active role in overseeing the state's energy conservation programs for all customer classes. In 2009, the Efficiency Maine Trust was established, which consolidates funds for Maine's energy efficiency programs. In 2011, "administration of Efficiency

Maine programs was transferred from the MPUC to the independently managed Efficiency Maine Trust that was created by statute in 2009. The purposes of creating the Trust included consolidating consumer efficiency programs for all fuel types and integrating delivery of electric and thermal efficiency measures so customers can have a one-stop shopping experience."³²

State of PIPP

LIHEAP provides money to low income homeowners and renters to help pay for heating costs. The money provided is intended to be for assistance and does not fully cover utility costs. In order to qualify for the program, you must be a resident in Maine and have an income below a certain threshold. In order to qualify for LIAP, residents must also qualify for LIHEAP. The LIAP is financed by a fund that allocates a certain amount of money to each participating utility. The management of funding of both LIAP and LIHEAP is done through the 11 Community Action Programs (CAPs) in Maine. In recent years, funding for LIAP has amounted to around \$8 million.³³ When initially exploring options for LIAP, the Main Public Utilities Commission (MPUC) considered a statewide PIPP but ruled in favor of letting existing low-income programs resume with the potential to amend LIAP. The Efficiency Maine Trust has utilized funds in initiatives geared towards low-income households. Funding for the trust comes primarily from Maine's electricity consumers through a system benefit charge (SBC) wherein all electric utilities are charged 1.45 mills per kWh (mill = 0.1 cent). Originally, 20% of all SBC funds were required to be used on low-income energy efficiency services, but this changed to 10% in 2013. Nonetheless, the Trust plays a crucial role in supporting initiatives for electric measures, gas measures, water-saving measures, and others involved with home energy efficiency.³⁴

Maine has various programs aimed towards low-income households that are intended to make utility payments/installations more affordable. While Maine currently does not have a unified statewide plan, they maintain uniform legislation through their LIAP and initiatives pushed by the Efficiency Maine Trust. Maine has since made amendments to the LIAP to ensure that lump-sum benefits replicate the assistance of a PIPP. The state of Maine has elected to provide support through LIAP, rather than a statewide PIPP, due to administrative convenience and budgeting constraints of small consumer-owned utilities. Nonetheless, the MPUC still maintains the ability to adjust the LIAP and a statewide PIPP remains feasible.

30 "Welcome to Benefits.gov," Welcome to Benefits.gov | Benefits.gov, n.d., <http://www.benefits.gov/benefit/1558>.

31 "Maine Public Benefit Funds for Rate Assistance." Banner Image One - Heat, n.d. <https://liheapch.acf.hhs.gov/Supplements/2010/meutds.htm>.

32 "State PBF/USF History, Legislation, Implementation." Banner Image One - Heat, n.d. <https://liheapch.acf.hhs.gov/dereg/states/maine.htm>.

33 "MAINE RATEPAYER FUNDED PROGRAMS." Banner Image One - Heat, n.d. <https://liheapch.acf.hhs.gov/dereg/states/mesnapshot.htm>.

34 "State PBF/USF History, Legislation, Implementation." Banner Image One - Heat, n.d. <https://liheapch.acf.hhs.gov/dereg/states/maine.htm>.

Quotes

“We do have a wonderful entity called Efficiency Maine which allows for all cost-effective electricity in the energy sector to be procured and funded through a system benefit charge.” -*Representative Seth Berry*

In response to why a PIPP was not implemented during creation of LIAP in 2001: “During the rulemaking that created the statewide LIAP in 2001, commenters to the draft rule advocated for the utilities to be allowed to continue operating the low income programs they had been operating prior to the rulemaking. The Commission found that while a percentage-of-income program had many advantages, implementing such a program on a statewide basis would be difficult and administratively burdensome, especially for the small consumer owned utilities. Also, the other programs provided a benefit to more customers, i.e., everyone who met the poverty guidelines for the programs received a benefit. Under a PIPP, customers with higher incomes and lower usage sometimes do not receive a benefit.” -*Derek Davidson*

“In response to why the current programs in place are preferable to a PIPP and why a PIPP has still not been implemented: “Regarding the LIAPs, in a rulemaking commenced in 2016, the Commission required utilities using a lump sum benefit program to use a specific model to establish their annual benefit amounts. The purpose of the rulemaking was to improve lump sum benefit programs by providing benefit amounts more closely based on customer need. The model takes into consideration average usage data for low income customers for each utility, utility rates, and the customer’s income level. Thus, the model operates much like a PIPP, though is significantly less administratively burdensome to operate. Currently, the largest electric utility in Maine operates a PIPP, while all other utilities operate lump sum benefit programs using the Commission’s model.” -*Derek Davidson*

Nevada

State of Energy and Utility Policy in Maine

Nevada uses a combination of LIHEAP and fixed annual credits for enrolled households as part to ensure affordable utilities costs. The goal is to ensure that eligible payers spend no more than the median percentage of household income

spent on energy in the state, a rate that is recalculated every year.³⁵ This Energy Assistance Program (EAP) is offered through the state’s Department of Health and Human Services, in addition to other affordable utilities programs offered through state or federal funding. These include the SAFE program for emergency utilities assistance, and a weatherization program that helps low income residents upgrade their homes to be more energy efficient.³⁶ Eligible payers enrolled in the EAP receive a minimum of \$180 for energy efficient home modifications, and a minimum of \$180 in utilities assistance every year. Any household making up to 150% of the federal poverty income level is eligible for EAP, and people who earn above this income threshold but have significant medical expenses or other qualifying expenses can also qualify for EAP.³⁷ As of 2004, the EAP had a strong need for outreach to qualifying Nevada residents, as very few people who were eligible for EAP were actually enrolled.³⁸

New Hampshire

Information on EAP and LIHEAP

The New Hampshire Electric Assistance Program, or EAP, is an income payment plan to discount electric bills. In recent years, the state has created an EAP advisory board, with members of the PUC and major electric suppliers in the area.³⁹ The program was implemented in the summer of 2002 by the state’s Public Utilities Commission. The EAP was inspired by an 1840s statute that requires all New Hampshire towns and cities to provide emergency welfare services, funded by local property taxes.⁴⁰ All households in the state receive a small surcharge of less than two-tenths of a cent per kilowatt hour on their electricity bills. Households who wish to participate in the EAP discounts must then have their income and size assessed. If they are below a certain threshold, they are eligible to participate in EAP. The discounts can range from 8% to 76% off of the bill, depending on need.

In 2002, the state implemented LIHEAP.⁴¹ While EAP grants electric bill deductions, LIHEAP does similarly with heat.⁴² The benefits for LIHEAP are calculated by household income, energy costs, number of heating days within a region, and housing type. The discounts are also of a similar range to EAP as both programs limit the bill amount to around 4.5% of household income.⁴³

35 Overview of Percentage of Income Payment Plans (PIPP) Compiled by the LIHEAP Clearinghouse, <https://liheapch.acf.hhs.gov/docs/PIPPupdate.pdf>

36 Nevada Energy assistance programs, https://www.needhelp-payingbills.com/html/nevada_energy_utility_bill_ass.html

37 Energy Assistance in Nevada, <https://www.leg.state.nv.us/73rd/Interim/NonLeg/Silver/exhibits/18539B.pdf>

38 “Energy Assistance in Nevada”

<https://www.puc.nh.gov/consumer/electricassistanceprogram.htm>

<https://liheapch.acf.hhs.gov/profiles/NH.htm>

<https://www.nhla.org/media/utilitydiscountsnh-72>

<https://www.nh.gov/osi/energy/programs/fuel-assistance/>

<https://liheapch.acf.hhs.gov/profiles/NH.htm>

Energy Politics

The 2018 New Hampshire Governor race was highly focused on energy policy, and earlier that April Gov. Chris Sununu, released a 10 year-state energy strategy. In New Hampshire, energy policy is mostly bipartisan, as all candidates in 2018 were moving towards reform. The consensus in NH is to shift the state to clean, local and renewable sources and to reduce fossil fuel emissions. The goal is to conserve natural resources, benefit public health and gain new opportunities for economic stimulus and job creation. The RPS, or Renewable Policy Strategy, is New Hampshire's only law that sets clear renewable energy usage goals. This policy currently requires 25.2% of New Hampshire's electricity to come from renewable sources by the year 2025 and represents a very small fraction of a ratepayer's monthly bill. These goals were to be extended in the latest clean energy bill, Senate Bill 124. It would have instated an ambitious but achievable renewable energy goal increase to just over 50% by 2040. The veto has not stopped Governor Sununu's intentions to expand the solar industry, but has been remarked as unprogressive by many critics.⁴⁴

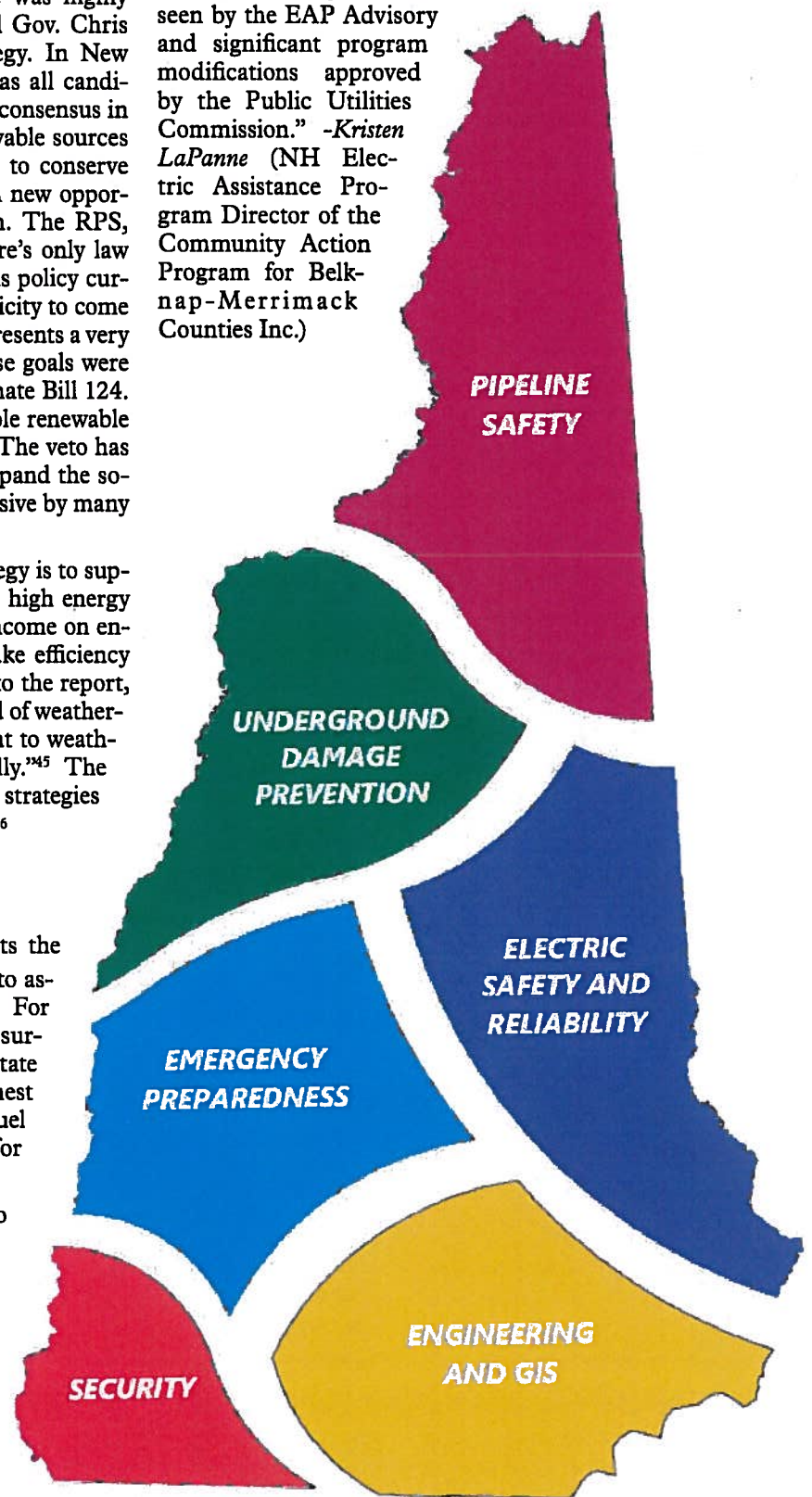
An aspect of Sununu's state energy strategy is to support low income residents who are vulnerable to high energy costs. They spend a higher proportion of their income on energy, yet have the least access to funding to make efficiency improvements to reduce those costs. According to the report, "more than 80,000 low income homes are in need of weatherization, but current funding sources are sufficient to weatherize only approximately 1,000 homes annually."⁴⁵ The State currently has around twelve implemented strategies and initiatives, like EAP, to help meet this need.⁴⁶

Quotes

"The NH Fuel Assistance Program targets the greatest benefits to those with the greatest need to assist them with their heating needs each winter. For many, that makes a great difference to help them survive a New England winter. We also use 60% of State Median Income to determine benefits, the highest allowed by federal statute." -*Eileen Smiglowksi* (Fuel Assistance Program/LIHEAP Administrator for the Office of Strategic Initiatives)

"Our EAP program works with the utilities to provide a discount ranging from 8-76% to all NH income eligible households, which are households that receive electric service from Eversource, Unitil, Liberty or NHEC. Our EAP program works very closely with the LIHEAP program. In fact, application requirements and eligibility of EAP mirrors LIHEAP where possible, and the application is a joint application with LIHEAP. The EAP program has the ability to review the program and make changes

as necessary, with minor program changes overseen by the EAP Advisory and significant program modifications approved by the Public Utilities Commission." -*Kristen LaPanne* (NH Electric Assistance Program Director of the Community Action Program for Belknap-Merrimack Counties Inc.)



44 <https://www.nhbr.com/playing-politics-stymies-clean-energy-progress/>

45 <https://www.nhenergy.org/energy-policy.html>

46 <https://www.nh.gov/osi/energy/programs/index.htm>

New Jersey

In 1999, the Electric Discount and Energy Competition Act (EDECA) was passed in New Jersey. The Act came in response to Roger Colton's research demonstrating the burden of utility bills on New Jersey residents. In New Jersey, "over 1.4 million people live with incomes at or below 200 percent of the Federal Poverty Level. Of these, nearly 300,000 live below 50 percent of the Poverty Level, and 290,000 more live between 50% and 100% of the Poverty Level."⁴⁷ The EDECA called for the creation of a PIPP program, and began holding hearings on implementation. In September 2000, a detailed proposal from New Jersey's Ratepayer Advocate was submitted, and over the course of 2003, the program, known as the Universal Service Fund (USF), began operating. It is funded by the Societal Benefits Charge, a "non-bypassable charge"⁴⁸ on utility bills for all of New Jersey's energy consumers, including residential consumers and both small and large businesses. For its first year, USF had about \$65 million in funding, plus an estimated \$500,000 in administrative and start-up costs. In March 2004, an arrearage payment plan known as Fresh Start was added to the program. As part of Fresh Start, USF participants would have their pre-program arrears forgiven if they paid their utility bills in full and on time for a year. The USF was originally administered by the Department of Human Services before its administration was handed to the Department of Community Affairs in late 2006.⁴⁹

The USF allows low-income households in New Jersey to pay no more than 6% of their total income towards utility bills. To be eligible for USF assistance, applicants must meet the income standards (income must be at 185% of the Federal Poverty Level or less) and they must spend "more than 3 percent of their annual income for each electric and gas utility service, or more than 6 percent of annual income on electric heat."⁵⁰ Assistance benefits are distributed directly to the utility companies and show up as monthly credits on a participant's bill, with a benefit cap of \$150 per month or \$1,800 per year.⁵¹ The USF shares an application with the federal Low Income Home Energy Assistance Program (LIHEAP), and those enrolled in LIHEAP are automatically enrolled for USF.

In 2006, the Applied Public Policy Research Institute for Study and Evaluation (APPRISE) performed the first evaluation of USF. They discovered several positive effects of the program. They found that USF covers about 40% of total energy bills for its clients, a significant impact, and thanks to USF, 67% of clients were able to pay 100% of their annual utility bills. Fresh Start eliminated about 90% of pre-program arrears. USF's standard of affordability is one of the most progressive in the country; compared to Ohio and Pennsylvania's PIPP plans at the time, it required clients to pay much less of their total income. Additionally, compared to LIHEAP recipients in other Northeastern states, USF participants had a lower rate of utility shutoffs.⁵²

In April 2019, at the direction of President Joseph L. Fiordaliso, the New Jersey Board of Public Utilities sought public input on how to improve the program, and by August, the income eligibility threshold was raised from 175% of the Federal Poverty Level to 185%. This policy expanded eligibility to approximately 5,700 new households.⁵³ Other programs for utility assistance in New Jersey include LIHEAP, the Payment Assistance for Gas and Electric (PAGE) program, the Winter Termination Program, the Lifeline Program, NJ SHARES, and Comfort Partners.⁵⁴

One of the biggest issues facing the USF program is communication: people need to understand how to apply and re-enroll, as well as how the program functions. Automatic enrollment and screening makes the program more accessible, but also reduces incentive to understand the details of USF and how it interacts with other programs.⁵⁵ Another issue is the growing cost of energy and size of the eligible population. There has been a history of fraud within LIHEAP programs in New Jersey—in 2010, at least three audits faulted fiscal management of the Weatherization Assistance Program (WAP), and a 2016 probe uncovered benefits paid to ineligible public employees and a dead woman.⁵⁶ In 2019, an additional audit found that the Department of Community Affairs paid benefits to clients without verifying their eligibility for the LIHEAP program, revealing thousands of recipients who may have underreported their household income.⁵⁷ This has caused understandable controversy over the programs.

47 Blossom A. Peretz, "Remarks of Blossom A. Peretz, E Sq. Director, Division of the Ratepayer Advocate," NJ.gov, August 9, 2000, <https://www.state.nj.us/rpa/universal.htm>.

48 "State PBF/USF History, Legislation, Implementation," U.S. Department of Health and Human Services, March 2016, <https://liheapch.acf.hhs.gov/dereg/states/njersey.htm#:~:text=The%20majority%20of%20USF%20customers,lower%20rate%20of%20utility%20shutoffs>

49 Ibid.

50 "NJBPB Expands Access to Low-Income Energy Assistance," State of New Jersey Board of Public Utilities, August 7, 2019, <https://www.nj.gov/bpu/newsroom/2019/approved/20190807.html>.

51 Ibid.

52 "State PBF/USF History, Legislation, Implementation," U.S. Department of Health and Human Services, 2016.

53 "NJBPB Expands Access to Low-Income Energy Assistance," State of New Jersey Board of Public Utilities, 2019.

54 "Utility Assistance Programs," State of New Jersey Board of Public Utilities, accessed October 27, 2020, <https://www.nj.gov/bpu/assistance/programs/>.

55 "The New Jersey Universal Service Fund," National Association of Regulatory Utility Commissioners, accessed October 27, 2020, <https://pubs.naruc.org/pub.cfm?id=53765E0B-2354-D714-51C4-BC0041142FA2>.

56 Tom Johnson, "Probe Uncovers Fraud at Program to Help Poor Pay Energy Bills," NJ Spotlight News, 2016, <https://www.njspotlight.com/2016/10/16-10-12-comptroller-probe-uncovers-fraud-at-program-to-help-poor-pay-energy-bills/>.

57 Tom Johnson, "Watchdog Agency Again Finds Fraud in Heating-Assistance Program," NJ Spotlight News, 2019, <https://www>.

New Jersey Energy Programs - Income Guidelines

Family Size	Monthly LIHEAP Income Limits - Effective Date 10/01/20	Monthly USF Income Limits - Effective Date 10/01/20	Monthly NJ SHARES Income Limits - Effective Date 1/29/20	Yearly PAGE Max. Income Limits - Effective Date 10/01/20	Yearly WAP Income Limits - Effective Date 1/15/20	Yearly Comfort Partners Income Limits - Effective Date 1/15/20
1	\$2,127	\$1,967	\$4,253	\$64,183	\$25,520	\$31,900
2	\$2,873	\$2,658	\$5,747	\$83,932	\$34,480	\$43,100
3	\$3,620	\$3,349	\$7,240	\$104,348	\$43,440	\$54,300
4	\$4,367	\$4,039	\$8,733	\$123,430	\$52,400	\$65,500
5	\$5,113	\$4,730	\$10,227	\$143,178	\$61,360	\$76,700
6	\$5,860	\$5,421	\$11,720	\$162,928	\$70,320	\$87,900
7	\$6,607	\$6,111	\$13,213	\$166,631	\$79,280	\$99,100
8	\$7,353	\$6,802	\$14,707	\$170,333	\$88,240	\$110,300
9	\$8,100	\$7,493	\$16,200	\$174,036		
10	\$8,847	\$8,183	\$17,693	\$177,739		
11	\$9,072	\$8,874	\$19,187			
12	\$9,257	\$9,565	\$20,680			

<http://www.njcommunityresources.info/nienergy.html>

2017-2018: USF Residential Rates and Bill Impact

Average Residential Customers	Gas	Electric	Total
Rates After Tax	\$0.038	\$0.001487	
Monthly Bill Impact	\$0.38	\$0.97	\$ 1.35
Annual Bill Impact	\$4.56	\$11.60	\$16.16

https://njleg.state.nj.us/legislativepub/budget_2019/BPU_response_2019.pdf

Ohio

State of Energy and Utility Policy in Ohio

According to the Public Utilities Commission of Ohio (PUCO), there are many programs available to assist Ohio residents with electric, natural gas, water, and telecom bills each month. Currently, due to COVID-19, the government has requested that no utilities be shut off due to nonpayment, and a Restart Plan has also been laid out in hopes that it will create a smooth transition out of the pandemic for those people who have not been making their payments. However, even outside of the COVID-19 pandemic, there are multiple assistance programs available for various situations. PIPP Plus is available for those who are below 150% of the federal poverty level. Additionally, Ohio has 30-day medical certificates, home energy assistance programs, and required extended payment plans to assist residents at various income levels.⁵⁸

A 30-day medical certificate is a form filled out by a medical professional stating that gas, water, or electricity is medically necessary for the patient to survive. This certificate can be used for only three out of twelve months of the year.⁵⁹ The Home Energy Assistance Program (HEAP) is a one time benefit given to eligible residents whose household income is below 175% of the poverty level. The specific amount of assistance may vary depending on what time of year the applicant is looking for assistance and whether the applicant's utility company is PUCO regulated.⁶⁰ Additionally, all PUCO-regulated utility companies have to offer extended payment plans to customers regardless of income. These extended payment plans ensure that customers can make affordable payments and maintain services throughout the year.⁶¹

State of PIPP in Ohio

In 2010, Ohio legislators passed PIPP Plus, revamping the previous PIPP program which had been in effect since 1983.⁶² Under the new PIPP Plus, customers pay 6% of household income each month or \$10, whichever is greater, to gas and electric companies. If the customers use electricity for heat, the payment is 10% or \$10, whichever is greater. Ohio residents whose income is under 150% of the federal poverty level are eligible for PIPP Plus and must reapply every 12 months after being accepted into the

program. Within PIPP Plus, there is also a debt relief program which helps to resolve any previous debt the customers had with utility companies. Every time the customer pays their utility bills on time and in full, they earn 1/24th of their previous debt. This means that within two years, their arrearages will be paid in full. Because of this incentive, there are no late fees for customers receiving PIPP Plus, rather there is a lack of debt repayment. When customers begin to make over 150% of the federal poverty level, they are eligible for Graduate PIPP Plus, a twelve month transition program to ease customers into paying a higher rate. In Graduate PIPP Plus, "customers pay an average of their most recent PIPP Plus amount and a budget billing amount calculated by their utility."⁶³ The debt repayment incentive is also used, with the customer earning 1/12th of their previous debt for each month utility bills are paid on time and in full. It is important to note that some smaller utility companies are not required to offer Graduated PIPP Plus.⁶⁴

PIPP Plus is a robust program in Ohio, with 230,000 customers using it for electricity assistance and 211,000 customers utilizing it for gas assistance in 2009. With so many people relying on PIPP Plus for energy assistance, it is important to have a steady stream of revenue. The PIPP Plus program is funded through ratepayer surcharges. In short, each year a "rider" amount is determined based on how much revenue PIPP needs. The electric companies put the rider on their customers' electric bills and send the revenue directly to the Ohio Department of Development (ODOD) to get deposited into a Universal Service Fund (USF). The rider amounts can be changed once a year based on the needs of PIPP. For gas, the rider is paid through distribution charges and can be adjusted as needed.⁶⁵

Quotes

"It gives low income Ohioans an opportunity to have affordable payment plan year round to keep their utility services on throughout the year" -*Tonja Stewart*

"The average non-low income customer spends between three and six percent of their household income on utilities. So, by lowering the amount that PIPP Plus customers will have to pay that will be a real benefit to low income customers" -*Tonja Stewart*

njspotlight.com/2019/03/19-03-28-state-watchdog-agency-again-finds-fraud-in-heating-assistance-program/

58 "Residential Consumers," Public Utilities Commission of Ohio, <https://puco.ohio.gov/wps/portal/gov/puco/consumers>

59 "30-Day Medical Certificate," Public Utilities Commission of Ohio, <https://puco.ohio.gov/wps/portal/gov/puco/utilities/electricity/resources/30-day-medical-certificate>

60 "Home Energy Assistance Program," Ohio Development Services Agency, <https://development.ohio.gov/is/heap.htm>

61 "Extended Payment Plans," Public Utilities Commission of Ohio, <https://puco.ohio.gov/wps/portal/gov/puco/utilities/electricity/resources/extended-payment-plans>

62 LIHEAP Clearinghouse PIPP Overview.

63 "PIPP Plus," Public Utilities Commission of Ohio, <https://puco.ohio.gov/wps/portal/gov/puco/utilities/gas/resources/pipp-plus>

64 Ibid.

65 Pamela Jennings, "The George Wiley Center's Plan for Universal Access to Affordable Energy in Rhode Island," 21.

Pennsylvania

State of Energy and Utility Policy in PA

Though Pennsylvania does not offer a comprehensive state-wide PIPP plan, it currently offers a variety of programs to assist low-income residents. Under current laws, utility companies are required to provide low income rate assistance, though each independent utility company is allowed to design their own program. One of the larger independent programs is run by Penelec, which provides a Customer Assistance Program (CAP) including policies such as averaging out customer bills over the course of the year and credits to reduce costs.⁶⁶

Since its creation on a federal level, the state government has made use of the Low-Income Home Energy Assistance Program's (LIHEAP) funding to provide crisis grants for families who are not able to pay their heating bills in dangerously cold times of year.⁶⁷ Between May and August, the state broadened their crisis relief program to account for the COVID-19 pandemic, but this special program has since ended.⁶⁸ Since 1988, Pennsylvania has also offered a Low Income Usage Reduction Program (LIURP) that offers free home inspections to increase a family's energy efficiency, with the intention of reducing their bills in the long term.⁶⁹

It is also worth noting that within the Pennsylvania Public Utilities Commission (PAPUC), there is a Consumer Advisory Council appointed by the commissioners, largely made up of unelected community members (consumer advocates, small business owners, former teachers, etc.) that serves to represent consumers and provide information in front of the PAPUC.⁷⁰

State of PIPP in Pennsylvania

Pennsylvania leaves much of its low income policies up to individual utility companies. CAPs which average out yearly utility payments to keep bills even across the year are common, and some form of coverage is required, but because policy making is left to the private sector, quality and consistency is not guaranteed.

The LIURP Program has been a staple in utility assistance in PA, having spent over \$665 million from 1988-2014

on weatherization and home improvements for low income households.⁷¹ As of 2008, sixty-nine percent of LIURP households were able to reduce their energy consumption due to weatherization treatments, with an average reduction of 16.5 percent.⁷² This lowers utility bills in the long run, as well as cutting down on waste and consumption.

Pennsylvania's LIHEAP is only available for crisis situations in which families cannot pay a heating bill and fall under a certain income level[1] for the family size. A LIHEAP Recovery Crisis Program was put into effect from May 18th to August 31st, 2020, raising the maximum amount of aid from \$600 to \$800, as well as lowering the maximum income levels needed to access these grants.⁷³

Rhode Island

Utilities in Rhode Island

Rhode Island currently uses LIHEAP funds for heating and crisis assistance.⁷⁴ However, out of 83,947 households under 150% of the federal poverty line, only 16,221 heating bills were covered by LIHEAP funds in 2019.⁷⁵ This represents almost 70,000 RI households in need of greater assistance. In addition, the amount of income that households are expected to pay for utilities varies greatly between income levels. While those earning over \$70,000 per year only spend 3.6% of their income on energy, those between 100 and 125% of the poverty line spend 15%, and those below 50% of the poverty line spend 43%, nearly half of their income.⁷⁶ This unaffordable price can force households to choose between energy bills and other necessities like food and medical care, worsening chronic health conditions and food security.

Low income households unable to pay energy bills face termination of their utilities, and approximately 20,000 RI households have their utilities shut off every year. These families lose heating and electricity, leaving them exposed to dangerous temperature conditions. Utility shutoffs have negative health consequences: inability to use medication or other medical treatments, depression, stress, and anxiety. They are especially harmful for children, who are unable to do homework and achieve academic and neuro-developmental standards.⁷⁷

66 <https://liheapch.acf.hhs.gov/docs/PIPPupdate.pdf>

67 <https://www.dhs.pa.gov/Services/Assistance/Pages/LIHEAP.aspx>

68 <https://www.dhs.pa.gov/providers/Providers/Pages/LIHEAP-Recovery-Crisis-Program.aspx>

69 [https://www.firstenergycorp.com/help/billingpayments/assistance_serviceprogram/penelec.html#:~:text=Assistance%20Program%20\(PCAP\)-,Pennsylvania%20Customer%20Assistance%20Program%20\(PCAP\),program%20is%20an%20affordable%20bill.&text=Receive%20credits%20on%20your%20bill,past%20due%20balance%2C%20or%20both](https://www.firstenergycorp.com/help/billingpayments/assistance_serviceprogram/penelec.html#:~:text=Assistance%20Program%20(PCAP)-,Pennsylvania%20Customer%20Assistance%20Program%20(PCAP),program%20is%20an%20affordable%20bill.&text=Receive%20credits%20on%20your%20bill,past%20due%20balance%2C%20or%20both)

70 https://www.firstenergycorp.com/save_energy/save_energy_pennsylvania/penelec/for_your_home/warm-info.html

71 <https://aese.psu.edu/research/centers/csis/liurp#:~:text=The%20goal%20of%20the%20program,the%20federally%20established%20poverty%20level.>

72 <https://www.puc.pa.gov/about-the-puc/consumer-education/utility-assistance-programs/>

73 https://www.puc.pa.gov/general/publications_reports/pdf/PSU-LIURP_Report2008.pdf

74 State of Rhode Island Department of Human Services. "HEAP program information." November 2020.

75 Fisher, Sheenan, and Colton, 2019. The Home Energy Affordability Gap 2019.

76 Fisher, Sheenan, and Colton, 2019. The Home Energy Affordability Gap 2019.

77 Cook et. al. 2008. "A Brief Indicator of Household Energy Security: Associations With Food Security, Child Health, and Child

Recommendations

Instituting a PIPP in RI will lessen the burden of disproportionate energy costs, and benefit health, safety, and education. Based on our research on other states, we recommend that the RI PIPP include programs for debt reduction, energy efficiency, and transition off of PIPP. In implementing PIPP, policymakers should emphasize the program's economic benefit for companies, reach out to eligible households, and welcome community input.

An arrearage forgiveness program will help households get out of debt while also encouraging more consistent payments to utility companies. In Ohio, Illinois, Colorado, and New Jersey, PIPP households that pay their monthly bills in full and on time have a portion of their previous arrearages reduced, allowing them to be debt-free within 2 years. While this system appears to lose money for the utility companies, it actually promotes consistent payments instead of continued missing payments. A debt reduction program would have economic benefits for both the customer and the utility company, and help households develop personal responsibility. Combining this with energy efficiency and weatherization programs will reduce the utility charges necessary to meet basic needs.

While PIPP is helpful for those beneath 150% of the poverty line, households beginning to make more money might still be unable to pay a full rate. The Ohio PIPP includes a "graduate" program to help customers transition off of the program. These customers pay an average of their most recent PIPP payment and their current expected payment, allowing them to pay their bills in full and not accrue debt. A future PIPP program should also include

provisions for emergency situations such as COVID-19 or personal crises, and not penalize a missed payment with removal from the program.

Local support will be crucial to a successful PIPP program. States including Illinois, Colorado, Pennsylvania, and Maine partner with individual utility companies to offer a variety of low-income assistance programs that are beneficial for both the company and their customers. Communication with eligible households will also be a priority: Illinois follows up with customers who have missed a payment in order to promote on-time payments in future. New Jersey and Nevada seek to improve their communication with customers in order to increase awareness of program eligibility and prevent fraud. The Pennsylvania PUC has instituted a community advisory board to gain awareness of their customers' needs and experiences with the current program. Open communication with the community will ensure that the RI PIPP succeeds in making utility bills affordable to all.

Conclusion

Utilities are necessary for a safe and healthy life for all. Instituting a Percentage of Income Payment Plan would allow low-income households to afford reliable utilities to support medical treatments, education, and basic needs. PIPP has been implemented in eight states, and it has been proven to improve quality of life and affordability. It has also increased on-time monthly payments to utility companies and helped households establish responsible payment patterns. A PIPP plan in Rhode Island would benefit both low-income households and utility companies.



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*Fiscal Note for House Bill Number 5809 - 2021
 Percentage of Income Home Energy Affordability Act*

FISCAL IMPACT			
State Revenues		State Expenditures	
FY 2021	\$0	FY 2021	\$0
FY 2022	\$0	FY 2022	\$0
FY 2023	\$0	FY 2023	\$0

Summary of Policy Change:

This bill would create a program to ensure that utilities are affordable for low-income households. The act would require that utility companies collect a monthly charge from all gas and all electric accounts and that utility companies use these funds to apply subsidy credits to the gas and electric accounts of qualifying low-income households, such that qualifying households pay a fixed percentage of annual gross household income on utilities. Households at or below 150% of the federal poverty income level that are receiving assistance through the Low Income Home Energy Assistance Program (LIHEAP) would be eligible for the program.

Comments on Sources of Funds:

This bill would have no impact on public funds. All funds necessary to run the program and subsidize consumer credits would be collected, administered, and disbursed by private utility companies.

Summary of Facts and Assumptions:

This bill would take effect upon passage.

The Department of Human Services (DHS) would inform each utility of the subsidy credit for which each eligible household is qualified and of the duration for which that subsidy credit must be provided. This administrative function would not incur a significant cost because the DHS already administers the LIHEAP and the income eligibility criteria is the same for both the LIHEAP and the program proposed by this bill. To apply for LIHEAP, individuals must report their household income. Consequently, the DHS would need to allocate relatively little additional staff time to the administration of this program.

Summary of Fiscal Impact:

This bill would have no direct impact on public funds. Any costs associated with this program would be applicable to private utility companies. In the long term, this bill may reduce state expenditures by lowering the frequency of utility shut-offs. Utility shut-offs are known to cause emergency room visits, Department of Children, Youth & Families interventions, and other costly outcomes.

Please accept this written testimony in support of House Bill 6268, To Increase Behavioral Health Provider Reimbursement Rates. I am unable to provide verbal testimony because I am a Licensed Mental Health Counselor in private practice and I will be seeing clients at the time of the hearing.

I would like to share with you a “dollars and cents” approach to understanding why increasing reimbursement rates for mental health providers is long overdue:

When I see a Medicaid client for a 45 minute session,* I receive between \$68-72 from the RI Medicaid plans.** My peers (with similar credentials and training) who do not accept insurance, generally charge between \$130-180 per session. My “out-of-network” peers are earning more than double what I am earning and they are not working as hard as I am because they do not have to bill insurance companies after the session.*** These numbers clearly explain why so many experienced mental health providers leave insurance panels, and why there is a shortage of providers on insurance panels. Providers can make double the money for less work if they do not accept insurance. They not only can set their own rates; they can give themselves periodic and meaningful raises, something that insurance companies have neglected to offer for years.

I personally experience the shortage of providers who accept insurance when I receive call after call from those seeking assistance who report that they can not afford to pay out-of-pocket for treatment and that they struggle to find providers who take their insurance and have openings.****

I continue to stay on the insurance panels year after year, because I believe that clients who receive Medicaid benefits tend to be our most vulnerable population and those who are in the most need of competent and specialized mental health treatment. I remain committed to providing support to this population, even though it puts much less money in my pocket.

Thank you for reading this and for your support to the mental health providers of Rhode Island. I hope you will agree that we deserve a long overdue raise, recognizing that mental health treatment is just as valuable and necessary as medical treatment.

*When I began my private practice in 2016, United/Optum had a policy that psychotherapists were only allowed to bill for a 60 min session if the client had been diagnosed with a particular mental health diagnosis – and the list of “allowed” diagnoses was short. There was also a short list of approved treatment methods that must have been provided to justify billing for a 60 minute session. As such, if we billed for a 60 minute session, we were more likely to be audited and our claims denied. Therefore, I have consistently offered 45-minute sessions to all clients in order to lower my risk of audit.

**It has recently come to my attention that Medicaid in both MA and CT reimburse masters level mental health providers for a 45 minute psychotherapy session at a rate that is almost double RI’s Medicaid rate (+/- \$125 vs. \$68-72).

***On average, I spend at least 3-5 hours per week filing insurance claims; verifying insurance benefits; tracking down denied claims; tracking which client owes what because of the complexities of deductibles, out of pocket max amounts, copays, coinsurance amounts, etc.; dealing with claw backs; dealing with case review calls from insurance companies; dealing with requests for records from insurance companies; etc.

****Because I take insurance and am located in Northwest RI, an area with fewer providers, I generally have a full caseload and a full waiting list. At present, those currently on my waiting list have waited 7+ months for a new client appointment.

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