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May 9, 2024

The Honorable Susan Donovan  
House Committee on Health & Human Services  
State House  
Providence, RI 02903

RE: H.8072, An Act Relating to State Affairs and Government – The Rhode Island Health Care Reform Act 2004 – Health Insurance Oversight

Dear Chairwoman Donovan and Committee Members:

The Northern RI Chamber of Commerce (NRICC) represents businesses in the communities of Burrillville, Central Falls, Cumberland, Foster, Glocester, Johnston, Lincoln, North Providence, North Smithfield, Pawtucket, Scituate, Smithfield and Woonsocket. The Chamber is writing to express some concerns relative to H.8072, An Act Relating to State Affairs and Government – The Rhode Island Health Care Reform Act 2004 – Health Insurance Oversight.

The bill changes the 2004 Act by requiring health insurance contracts with hospitals and physicians (beginning in 2028) to pay at rates not less than the regional average rate for services which includes Connecticut and Massachusetts. The rate would be recalculated every two years. Prior to 2028, the bill requires the rates to be set at a rate at least 33.3% of the Rhode Island payment shortfall plus the rate of healthcare inflation.

We recognize the need to attract providers to the state in order to provide continuing healthcare access to Rhode Island citizens. At the same time, we are concerned about the potential costs that may be associated with H.8072. The House fiscal note, while focusing on the state, still provides useful insight to the business community. For FY2025, *“Assuming 30,000 members on state insurance, incremental impact to the state’s plan equates to approximately \$27.92 per month per employee or \$335.07 per year.”* For FY2026 *“Assuming 30,000 members on state insurance, incremental impact to the state’s plan equates to approximately \$60.36 per month per employee or \$724.36 per year.”* In FY2027, ... *Assuming 30,000 members on state insurance, incremental impact to the state’s plan equates to approximately \$97.92 per month per employee or \$1,175.04 per year.* In their testimony to the Senate Committee on Health and Human Services, Blue Cross/Blue Shield estimated an aggregate premium increase totaling \$288,000,000 for their subscribers and \$500,000,000 for all commercial subscribers combined.



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A majority of these costs will be borne by businesses that choose to offer health insurance as an employee benefit. As premiums rise, the ability of businesses to provide benefits diminishes - harming both the employee and the employer.

H.8072 envisions a significant shift in policy surrounding the determination of provider payments. The Chamber believes great study and thought should be undertaken before this major change is adopted. The State may need to address provider payments in some fashion, perhaps not. It is difficult for the Chamber to truly know, without further analysis. However, we do know we all want a health care system that is sustainable from the provider side as well as from the payor side. If there are no providers, insurance is meaningless. If no one can afford health insurance, there will be no need for additional providers. It is a delicate balance.

Thank you for your consideration of the Chamber's concerns.

Respectfully,

Elizabeth Catucci  
President/CEO - Northern Rhode Island Chamber of Commerce