

Testimony Submitted on Behalf of Both Business and Labor

May 9, 2024

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

RE: H.8072, An Act Relating to State Affairs and Government – The Rhode Island Healthcare Reform Act

Dear Chairwoman Donovan and Committee Members:

On behalf of the signatory organizations listed below we are writing to express our serious concerns regarding this legislation that would require Rhode Island provider payments be increased to match the average in high healthcare cost states of Massachusetts and Connecticut. We are a coalition of labor and business groups who have agreed to work together to discuss and review various healthcare issues.

An Act Relating to State Affairs and Government – The Rhode Island Healthcare Reform Act is a major legislative undertaking, and which has significant and unknown consequences with direct cost impacts on all Rhode Islanders.

Mandating the adoption of a regional rate parity floor for Rhode Island affecting hospitals, physicians and advance practice providers disregards inherent and significant economic differences between Rhode Island and its neighbors. For instance, median household income between the states varies greatly. The recent Manatt report, commissioned by the Rhode Island Foundation, indicated the median household income is \$90,231 in Connecticut and \$95,505 in Massachusetts, while in Rhode Island it's \$81,370. That means that a much higher proportion of the income of Rhode Island families would have to be spent on healthcare to increase provider pay to the levels of Massachusetts and Connecticut.

Additionally, the cost of living in our neighboring states is among the highest in the country. US News & World report ranks Massachusetts the 45th least affordable state in the country, while Connecticut is in the top ten least affordable states at 42nd. Rhode Island ranks 37th. What will the impact of increasing the cost of healthcare be on our state's affordability; and who will be most impacted by this legislation? Will those making the least be most impacted by any increase in the cost of healthcare? Will this change unfortunately, be felt most keenly by the most vulnerable in our state -- lower income Rhode Islanders who may find it difficult to afford the health insurance premiums that will have to be substantially increased to fund these higher provider payments?

According to RI Office of the Health Insurance Commissioner, the average health plan premium for a family of four in Rhode Island has grown to \$22,955 per year. The Office of Management and Budget estimates that, once fully implemented, this legislation will add between \$3,768 to \$4,057 each year to premiums.

Questions remain as to what the outcome of the regional rate parity will have on the healthcare system in our state. Will the level and quality of services be improved? Will there be enhanced services, better outcomes? There are too many unknowns for action on this legislation. For these reasons, we are concerned that this legislation will have a negative impact on RI working families as well as the companies that employ them. We recommend no action be taken on this legislation until we all have a better understanding of the short and long-term impacts of this legislation.

Our organizations stand ready to work with the legislature, the Office of the Health Commissioner and other groups to discuss and examine alternative methods and concepts concerning the entire healthcare system along with pay parity.

Sincerely,

Associated Builders and Contractors, Rhode Island

Build RI

East Greenwich Chamber of Commerce

Energy Marketers Association Rhode Island

Greater Newport Chamber of Commerce

National Education Association Rhode Island

National Federation of Independent Business

Rhode Island AFL-CIO

Rhode Island Association of REALTORS®

Rhode Island Bankers Association

Rhode Island Beverage Association

Rhode Island Builders Association

Rhode Island Building and Construction Trades Council

Rhode Island Business Coalition

Rhode Island Business Group on Health

Rhode Island Federation of Teachers and Health Professionals

Rhode Island Hospitality Association

Rhode Island Lumber and Building Materials Dealers Association

Rhode Island Manufacturers Association

Rhode Island Marine Trades Association

Rhode Island Mortgage Bankers Association

Rhode Island Partnership for Home Care

Rhode Island Small Business Economic Summit Regulations Committee

Rhode Island Small Business Economic Summit Tax and Budget Committee

Sustainable Benefits Strategies, LLC

Teamsters Local 251