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March 24, 2026

The Honorable Melissa A. Murray, Chairwoman
Of the Senate Health and Human Services Committee
Rhode Island State House
Providence, RI 02903

RE: AHIP Comments on S.2384, An Act Relating to Food and Drugs – Prescription Drug Cost Protection – OPPOSE

To Chairwoman Murray and Members of the Senate Health and Human Services Committee,

On behalf of AHIP, we respectfully offer the following comments in opposition to S.2384, which would prohibit health plans from purchasing referenced drugs for a cost higher than the referenced rate and allow Employee Retirement Income Security Act of 1974 (ERISA) plans to choose to participate in the provisions of the bill.

AHIP is aligned with Rhode Island's commitment to increased access to high-quality, affordable health care. Everyone should be able to get the medications they need at a cost they can afford. More than 24 cents¹ of every dollar spent on health insurance premiums goes to pay for prescription drugs – more than any other individual category. The problem with prescription drug affordability is the list price, which pharmaceutical manufacturers alone set and control without parameters or oversight.

S.2384 does not adequately address the underlying prices set by drug manufacturers. The bill also will likely limit a health plan's ability to negotiate with drug manufacturers for prices **below** the reference price. **Effectively, the bill will likely set a floor for the price of a drug.**

We are also concerned with the penalty provision 21-38-7, which seems as though it would apply to ERISA plans that opt into reference price payment requirements. Today, more than half of Americans receive their health insurance through employer coverage that is governed by ERISA, which affords employers consistency and uniformity of health plan administration. This encourages health care coverage that improves the health and financial stability of employees and their families. In Rhode Island, nearly 500,000 residents (about 41% of the state's covered population) are covered by employer-provided health insurance. Of those Rhode Island employers that provide coverage to their employees, 57% offer self-insured ERISA plans.²

AHIP strongly opposes any attempt to regulate ERISA self-funded plans beyond the limits allowed under federal preemption law and jurisprudence. We are concerned that the proposed penalty in Section 21-38-7, as it pertains to ERISA plans, is preempted even if an ERISA plan opts into S.2384's requirements.

Specifically, we believe the state would lack the ability to enforce the conditions for participation as a result of ERISA preemption. States are barred from doing so because of the complete preemption of state enforcement against ERISA-covered plans with respect to issues that are regulated under ERISA. So, even if the ERISA-covered plan opted in to this bill's regulation, the state would lack the ability to enforce the state law requirement given ERISA's federal enforcement authority.

¹ [Where Does Your Health Care Dollar Go?](#) AHIP. October 24, 2024.

² [AHIP, Health Coverage: State-to-State – October 2025.](#)

AHIP supports a single, cost-saving national standard of regulation for employer-provided health care coverage – one that gives employers the option to assume financial risk and allows employers to choose specifically tailored and uniform benefits for their employees regardless of where they live. This ensures more affordable coverage that is easier to administer and understand. The alternative, a 50-state patchwork of complicated and inconsistent mandates for employer provided coverage, would cause confusion, and make coverage more expensive for Rhode Island employers and employees.

AHIP Recommendation: AHIP urges you not to pass S.2384, as it sets a floor for drug prices allowing the continued spikes in drug costs to continue harming Rhode Island consumers. Should the bill progress, a specific exemption for preempted ERISA self-funded health plans in the proposed penalty in Section 21-38-7 is a critical component that must be added. AHIP remains supportive of efforts to reduce the high prices set by drug manufacturers, but the aspects of the bill discussed above will not protect Rhode Island patients and employers from increased health care costs.

Sincerely,



Sarah Lynn Geiger, MPA
Regional Director, State Affairs

cc: Members, Senate Health and Human Services Committee

ABOUT AHIP

AHIP is the national association whose members provide health care coverage, services, and solutions to hundreds of millions of Americans every day. We are committed to market-based solutions and public-private partnerships that make health care better and coverage more affordable and accessible for everyone. Visit www.ahip.org to learn how working together, we are **Guiding Greater Health**.