

To: RI House Finance Committee
From: Rep. David Morales, lead sponsor
Re: H. 8119 (introductory remarks)
Date: May 19, 2022

Thank you again for the opportunity to discuss and consider House Bill #8119. In summary, this bill would establish a Statewide Medicare-for-All Single-Payer Healthcare system which would guarantee healthcare coverage to all Rhode Island residents without the concern of out-of-pocket expenses or co-payments. I want to note that this is the second consecutive year that I've introduced this bill, however, the details have since been revised and improved.

Now unfortunately, our current healthcare system is not designed to help working people as much as it is for profit as over 40,000 Rhode Islanders do not have health insurance and 45% of people who do have private health insurance are underinsured which means that they do not seek healthcare services because the co-pays and out-of-pocket expenses in their private insurance plans are too high. In other words, we have hundreds of thousands of people in our state who do not, and cannot receive the healthcare treatment they need because it is too expensive, otherwise, forcing them into deep medical debt.

Through this legislation, however, we would radically transform our healthcare system by creating a state agency to administer the Rhode Island Comprehensive Health Insurance Program (RICHIP), under which networks, co-pays, deductibles would all be eliminated. This means that Rhode Islanders will be able to go to their choice of doctor, pharmacy and hospital without paying

extra fees. Such coverage would include: medical care, prescription drugs, dental and vision care, and mental health services.

As written in this legislation, however, this transition to a single-payer healthcare system would not happen overnight. Therefore, this bill takes a “warm transition” approach where significant changes would be made to our existing healthcare system in order to prepare our state for this transition.

Some of these changes would include: raising all Medicaid rates to match Medicare, setting outpatient behavioral healthcare rates at 150% of Medicare Equivalent Rates, expanding Medicaid eligibility for elderly and disabled residents to one hundred thirty-three percent 133% of the federal poverty level, an expansion of Medicaid office staffing to improve administrative capacities, increased dental reimbursement rates for Medicaid recipients, and the passage of 3 general obligation bonds.

The first bond would be for 300 million dollars for the expansion of Rhode Island Community Living and Supports, specifically the expansion of state group homes, the construction of new assisted living level care facilities for people with mental illnesses and developmental disabilities, and the construction of inpatient recovery facilities, all of which would be publicly-run. The second bond would be 50 million dollars for the improvement of our state operated hospital facilities and the third bond would be 500 million dollars for the construction of a medical school at the University of Rhode Island.

Now this is all important to note given the fact that the federal government matches state investments in Medicaid. Therefore,

after 2-4 years of further investing in public healthcare programs within our state budget, the Executive Office would begin of negotiating a waiver with the federal government which would combine all of the federal reimbursements we receive, such as, Medicaid, Medicare, and exchange subsidies directly into the Rhode Island Comprehensive Health Insurance Program. For brief context, any State that decides to transition from an inefficient market-based healthcare system to a Medicare-for-All healthcare system has to obtain this waiver in accordance with the Affordable Care Act. Evidently, the approval of this waiver would help us secure the necessary federal funding needed to manage a successful single-payer healthcare system.

As for State Funding, we would contribute the same amount of money into RICHIP that we would otherwise direct towards the Office of the Health Insurance Commissioner, HealthSource RI, and private insurance companies. In addition, businesses would pay into RICHIP through a 10% payroll tax, of which they would pay 80% of the tax and the worker would pay 20% of it. After 3 years of implementation, there would be a re-evaluation of this tax so that businesses with higher revenues are assessed at a higher marginal tax rate in order to exempt small businesses and lower income earners from this tax.

All that said, businesses and affected people would be paying far less money contributing into RICHIP than they currently do for healthcare through insurance premiums, co-pays, and deductibles. So again, I want to be clear, it is far more affordable for a business to pay into RICHIP than having to contract with a private healthcare insurance provider to provide their workers with healthcare. After all, Rhode Islanders actually pay higher

premiums for their employer-sponsored healthcare coverage compared to residents of other states.

Evidently, everyone would benefit from a Statewide Single-Payer Healthcare System, especially working people earning less than \$150,000 a year. Now to be clear, for-profit providers would still be able to offer their services in Rhode Island, but would be prohibited from charging patients more than RICHIP reimbursement rates. So anyone who decides to use a for-profit insurance provider would be protected from price gouging.

Overall, a Statewide Single-Payer Medicare-for-All Healthcare System would get rid of the middle-person, for-profit health insurance companies, while leaving our current healthcare providers in place and providing them with more freedom to deliver care along with less administrative bureaucracy. Because as we are all familiar, we have a complicated healthcare system in between networks, co-payments, and eligible providers -- a cruel system which ultimately hurts people and prevents them from receiving the medical care they need, but through this legislation, we will finally ensure that healthcare is a human right. As I close, I also want to mention my strong support for House Bill 7442 because abortion care is healthcare.

Thank you.