



To: Senate Health & Human Services Committee  
From: Karen Malcolm, Coordinator, Protect Our Healthcare Coalition  
Date: April 9, 2019  
Re: **Support with Recommendations to improve fairness – S683 (Mirror of Budget Article 14)**

The Protect Our HealthCare Coalition is a group of 23 leading Rhode Island non-profits and consumer groups with a goal to protect and promote quality, affordable healthcare for all. The Coalition also includes hundreds of community members around the state who support the Coalition’s mission.

As outlined in previous testimony for Budget Article 14, the Coalition supports S683, including the provision which subjects short-term limited duration plans to the same regulations governing the individual health insurance market, the establishment of an individual mandate and reinsurance program proposed and attention to outreach to enroll uninsured individuals.

As stated previously, **we recommend amending the proposed structure of the shared responsibility payment penalty to protect lower income Rhode Islanders by eliminating the flat penalty amount and instead setting the penalty as a percentage of income (2.5% up to 400% FPL and 3.2% above 400% FPL) and exempting individuals with income below 150% of the federal poverty level (FPL).**

**Lower income filers pay a higher share of their income in penalties.**

The proposed penalty amount is \$695 per adult (\$347.50 per child) or 2.5% of income, whichever is higher. This results in individuals with income below 200% FPL paying a greater percent of their income than higher income individuals. For example, a single person working a 35 hour per week minimum wage job earns \$19,110 per year, just above 150% FPL. This worker would pay a penalty equivalent to 3.6% of income compared to an individual earning \$43,715 (350% FPL) who would pay 2.5% of income.



## RECOMMENDATIONS:

The proposed penalty structure mirrors the Federal ACA mandate penalty. We believe Rhode Island can do better to structure a more equitable policy. **We recommend:**

- Exempting taxpayers with income up to 150% of the federal poverty level from the shared responsibility payment penalty. This is the exemption level adopted by Massachusetts in establishing their pre-ACA health care reform. Individuals with income above this amount can still establish inability to pay due to hardship criteria. *(The proposed exemption applies to taxpayers with income at or below the state-filing threshold of about \$12,000 for an individual, which is 100% of the federal poverty level).*
- Eliminating the flat penalty amount and use the percentage of income (2.5%).
- To offset the loss of revenue by making either of the above changes, raise the penalty amount on higher income taxpayers or allocate general revenue funds. Health insurance is the gateway to health care. Committing general revenue dollars supports this important public purpose.

## ADDITIONAL RECOMMENDATIONS:

- Strengthen outreach to uninsured individuals to encourage enrollment *before* facing penalties by establishing the statewide Navigator program in law. Federal funds are available for the Navigator program.
- Protect consumers by enacting companion legislation to enshrine ACA consumer protections into state law, including prohibiting **annual and lifetime limits**; prohibiting **pre-existing condition** exclusions; guaranteeing coverage of **essential health benefits**,; and providing access to **preventive services** with no cost-sharing as provided in S738.

**Protect Our Healthcare Coalition partners include:** Economic Progress Institute, RI Health Center Association, Mental Health Association RI, RI NOW, RI Parent Information Network, NAACP Providence Branch, United Way of Rhode Island, Planned Parenthood RI, SEIU Rhode Island Council, East Bay CAP, West Bay Cap, Foster Forward, RI Coalition for the Homeless, Rhode Island Working Families Party, Mental Health Recovery Coalition, Senior Agenda Coalition, RI Community Food Bank, Substance Use & Mental Health Leadership Council, Rhode Island Coalition for Children and Families, HousingWorks RI, Rhode Island Organizing Project (RIOP), Thundermist Health Center

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