

Senate Fiscal Office

January 13, 2026

HR 1 Compliance Reports Summary



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Supplemental Nutrition Assistance Program (SNAP)

Information from the RI DHS SNAP Payment Error Rate report and the EOHHS Federal Compliance Advisory Group report

Supplemental Nutrition Assistance Program (SNAP)

- A federal program providing food benefits to low-income individuals ages 18 or older for groceries.
 - Increases access to nutritious options
 - Benefits are issued monthly on EBT cards and can only be used at authorized retailers.
 - Eligibility based on income, assets, and household size.
 - Serves approximately 145,000 individuals (13.0% of the State population)
 - In FY2026, Rhode Island appropriated a total of \$424.9 million in all funds for the SNAP Program.

RI SNAP Expenditures	General Revenue	Federal Funds
Total Expenditures	\$19.5	\$405.4
Administration	\$18.5	\$0.00
Benefits	\$0.00	\$378.9

SNAP Policy Changes

- **HR-1 decreases eligibility, benefits, and federal cost shares**, directly impacting the budget, program operations, and consumer experience.
 - 50% increase in Administrative Cost Share in FY2027 (\$9.3M additional in FY27)
 - Work requirement, similar to Medicaid. Impacts around 9,000 beneficiaries. Estimated benefit reduction \$12.6M in FY2026
 - Limits SNAP to citizens and legal permanent residents. Estimated 2,300 lose eligibility (\$1.5M)

SNAP Payment Error Rate (PER)

- Requires States with error rates of 6.0 percent share SNAP benefits costs.
- Rhode Island 2024 PER 11.5 percent
 - Claw back of 15.0 percent or \$51.5 million
- If PER is above the national average for two consecutive years, there is a \$2.5 million penalty
- **Alaska Exemption:** HR-1 allows temporary exemptions to waive cost-share requirements for up to two years

Error Rate	State Cost Share (%)	State Cost Share (\$)
0-5.99%	0%	\$0.0
6-7.99%	5%	\$17.1
8-9.99%	10%	\$34.4
10% or More	15%	\$51.5

** \$ in Millions*

Policy Options

- The Department, in conjunction with OHHS and the Federal Compliance Advisory Group, identified several options addressing HR-1, including, but not limited to:
 - Digital modernization and integrated work requirement platforms
 - Sustain and expand the Eat Well Be Well Program
 - Establishing PER reserve and embed vendor performance clauses
 - Digital and mobile nutrition outreach



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Health Insurance Marketplace

*Information from the
EOHHS Federal Compliance Advisory Group report*

Health Insurance Marketplace

- Serves individuals and employers who do not have access to affordable employer-sponsored insurance or government plans
- About 49,000 individuals and families enrolled, 161,000 total since established
- Over 90% of enrollees received advanced premium tax credits (APTC)
- Rhode Island's insurance marketplace is managed by HealthSourceRI
- Created by the Affordable Care Act
 - Establishes and requires 10 essential health benefits (EHBs)
 - Ambulatory Patient services
 - Emergency Services
 - Hospitalization
 - Maternity and Newborn Care
 - Mental Health & Substance Abuse
 - Prescription Drugs
 - Rehabilitative & Habilitative Services and Devices
 - Laboratory Services
 - Preventive & Wellness Services & Chronic Disease Management
 - Pediatric Services

Advanced Premium Tax Credits (APTC)

- A form of financial assistance from the federal government designed to help individuals and families with low to moderate income afford health insurance
- Provided upfront and estimated based on projected income

	With APTC	Without APTC	Monthly Premium Increase (\$)
Lowest Earners (<150% FPL)	\$13	\$59	\$46
Highest Earners<br (>400%="" b="" fpl)<=""/>	\$446	\$779	\$333

- Will affect 41,400 existing HSRI enrollees
 - Enrollees will lose estimated \$59.3 million in 2026 tax credits and see their premiums double
 - HSRI estimates 13,100 enrollees will drop coverage, leaving an additional \$70M in federal assistance on the table, negatively impacting local providers

Breakdown of Population Affected by FPL Group

Household FPL		# Eligible for APTC	Average Monthly Premium (2026)				Total Annual APTC Loss	
			With eAPTC	Without eAPTC	\$ Premium Increase	% Premium Increase	Eligible APTC	Subtotal (% of Total Eligible APTC)
<200%	<150%	8,645	\$13	\$59	\$46	348%	\$5,172,834	\$19,840,476 (33%)
		11,642	\$40	\$137	\$98	246%	\$14,667,642	
200-250%	200-250%	7,459	\$86	\$205	\$119	138%	\$11,752,652	\$11,752,652 (20%)
250-400%	250-300%	5,243	\$138	\$260	\$122	88%	\$8,286,519	\$14,618,198 (25%)
		3,206	\$206	\$318	\$112	54%	\$4,492,016	
	350-400%	1,921	\$291	\$369	\$79	27%	\$1,839,663	
>400%	>400%	3,288	\$446	\$779	\$333	75%	\$13,126,610	\$13,126,610 (22%)
Total Enrollees		41,404	\$109	\$220	\$111	101%	\$59,337,936	\$59,337,936 (100%)

Household FPL	Income for a Family of 4
<150%	<\$48,225
150-200%	\$48,225- \$64,300
200-250%	\$64,300- \$80,375
250-300%	\$80,375- \$96,450
300-350%	\$94,450- \$112,525
350-400%	\$112,525 - 128,600
>400%	>\$128,600

Note:

1. 2025 enrollment is adjusted for anticipated H.R.-1 immigration-related enrollment losses occurring in 2026 and 2027
2. This analysis uses 2026 coverage parameters and 2025 enrollment; no changes in plan selection are assumed.



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Medicaid

*Information from the
EOHHS Federal Compliance Advisory Group report*

Provider Taxes

- Federal law allows states to help finance the non-federal share of Medicaid spending through taxes on health care providers that must be broad-based, uniformly imposed, and not in violation of hold harmless provisions
- Currently, a tax is presumed not to be in violation of the hold harmless provision if it does not exceed 6.0 percent of net patient revenue for a given provider class

Change:

- Lowers thresholds and tightens redistributive tests, beginning October 1, 2027
- No new or increased taxes effective July 4, 2025
 - Primary Care Health Assessment: \$4/month/policy. \$30M annually

Provider Taxes

Figure 18: Provider Tax Estimated Revenue Impact

SFY	Threshold (%)	Hospital Licensing Fee ¹ (\$ Millions)	MCO Services Taxes ² (\$ Millions)	Total (\$ Millions)
2028	5.5%	(\$12.2)	NA	(\$12.2)
2029	5.0%	(\$31.9)	NA	(\$31.9)
2030	4.5%	(\$51.7)	(\$8.6)	(\$60.3)
2031	4.0%	(\$71.5)	(\$32.9)	(\$104.4)
2032	3.5%	(\$91.3)	(\$59.6)	(\$150.9)

Notes:

1. Assumes constant base year.
2. Assumes 5% inflation in revenues annually.

Sourced from the Federal Compliance Advisory Group Report dated October 30, 2025

Options: compliance only

State Directed Payments (SDP)

Change:

- Caps total payment at Medicare instead of average commercial rate
- Above-cap SDPs phase down 10.0 percent per year starting in FY2029

Impact:

- Forces rate reduction for some hospitals
- Affects OHIC-reviewed payments, primarily behavioral health rates
- Estimated to reduce payments by \$32.5 million in FY2029 and \$61.8 million in FY2030

Options: lower hospital minimum fee schedule to Medicare equivalent

Alien Medicaid Eligibility

Change: Narrows “qualified alien” categories for Medicaid/CHIP effective October 1, 2026

Impact:

- Will impact approximately 9,000 non-citizen adults who currently have full or limited Medicaid benefits
- Reduces benefits by \$61.6 million in FY2027 and \$82.1 million in FY2028 through FY2030
- Anticipate increase in uncompensated care and moderate increase in emergency Medicaid spending

Options: Modify Cover All Kids pathway to include > 21 years of age; requires tech system changes

Community Engagement

Change: Adds Medicaid work/community-engagement requirements for certain adults effective December 31, 2026

- At least 80 hours a month, or
- In school at least half time

Impact:

- Approximately 24,600 individuals could lose coverage
- Reduces benefits by \$49.7 million in FY2027, and \$251.0 million in FY2028 and thereafter
- Heavy administrative buildout required

Options:

- Work with CMS to determine if can align Medicaid and SNAP requirements
- Eliminate the Expansion population (90,000 beneficiaries) and coordinate with HSRI on alternative, exchange-based options

Cost-Sharing Requirements

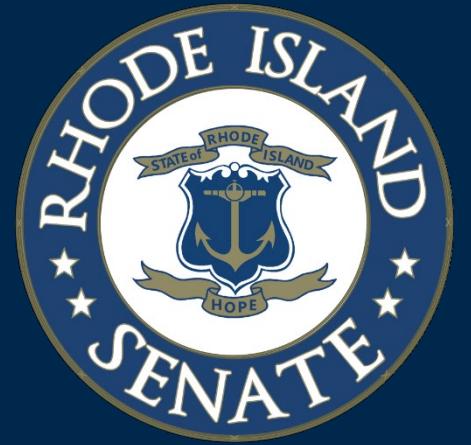
Change: Adds copays for expansion adults >100 percent of FPL (with exclusions) of \$1 to \$35, effective October 1, 2028

Impact:

- Will impact approximately 11,000 expansion adults, effective October 1, 2028
- Increased administrative burden on providers
- Projected reduction in benefit costs to state of \$0.2 to \$0.6 million general revenue (\$1.8 to \$6.6 million all funds) depending on level of copay

Options:

- Build state copay collection system
- Eliminate Expansion; however, large coverage losses/cost shifts and significant state funding would be needed to create exchange alternatives



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Tax Changes

*Information from the
RI Department of Revenue Analysis of H.R. 1 Tax Provisions*

HR 1 Tax Provisions

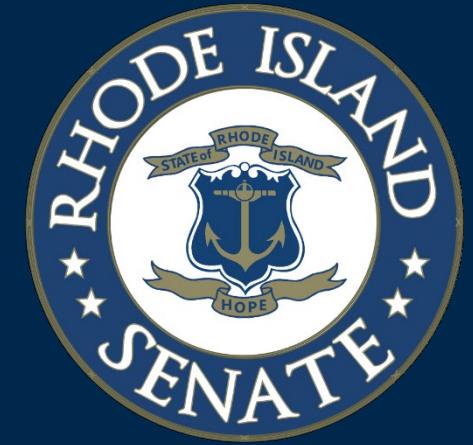
- “Rhode Island has rolling conformity to federal tax law (with some exceptions), meaning changes in federal definitions and statutory policy automatically get incorporated into the state tax code. Therefore, many federal tax changes directly impact how Rhode Island taxpayers file their taxes, unless there is legislative intervention.”
- FY26 budget decoupled from federal changes for TY25. Taxation to issue emergency regulations/guidance for taxpayers on the decoupling
- Absent that intervention, the DOR estimates State revenues would have been reduced by **\$79 million in the current year**, largely due to the federal allowance for the full expensing of R&D expenditures
- Report presents options for conforming or decoupling from the federal changes, with some analysis of advantages and disadvantages

Impact of HR 1 Tax Provisions on RI General Revenue

TCJA Extensions with Modifications	FY2026	FY2027	FY2028	FY2029	FY2030
Business Interest Limitation	(\$3.7)	(\$4.0)	(\$2.5)	(\$2.6)	(\$2.4)
Expensing Limitation	(2.9)	(3.6)	(2.5)	(2.3)	(1.8)
Miscellaneous Business	(0.2)	(0.2)	(0.1)	(0.1)	(0.2)
R&D Expensing	(22.6)	(22.6)	(10.9)	(8.0)	(2.8)
SALT Deduction Cap	(5.2)	(5.2)	(5.2)	(5.2)	(5.2)
H.R. 1 New Provisions					
Agriculture	(0.6)	(2.1)	(1.9)	(0.9)	(0.4)
Charitable Deductions	0.9	1.6	1.8	1.7	1.6
Child Care and Adoption	(0.5)	(1.4)	(1.6)	(1.5)	0.0
Energy Efficiency	0.0	0.0	0.0	0.0	0.0
Energy Production	0.0	0.1	0.1	0.0	(0.1)
Housing	(0.4)	(0.5)	(0.3)	(0.2)	5.2
International Miscellaneous Healthcare	0.7	2.1	3.3	4.7	(1.1)
Small Business Stock Gains	(0.2)	(0.6)	(0.9)	(1.0)	(0.9)
Total	(\$34.7)	(\$36.4)	(\$20.6)	(\$15.2)	(\$9.3)

\$ in millions

Totals may vary due to rounding



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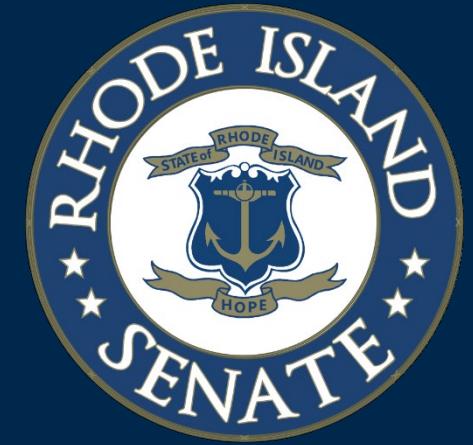
Federal Grants

*Information from the
RI Office of Management and Budget Analysis of Fiscal Impacts of Federal
Budget Changes for the State of Rhode Island*

Agency Impacts

The OMB report identified 16 agencies impacted by HR1

- \$10.7 million either terminated or unavailable in FY2025
- \$60.2 million either terminated or unavailable in FY2026
- \$88.3 million either terminated or unavailable beyond FY2026
- Agencies with the bulk of the hits are:
 - URI - \$8.6 million terminated in FY2025, \$9.5 million in FY2026 and \$5.9 million in beyond FY2026
 - RIEMA - \$15.5 million unavailable in FY2026
 - OER - \$18.6 million unavailable in FY2026 and \$63.0 million beyond FY2026
 - QDC - \$11.3 million unavailable beyond FY2026



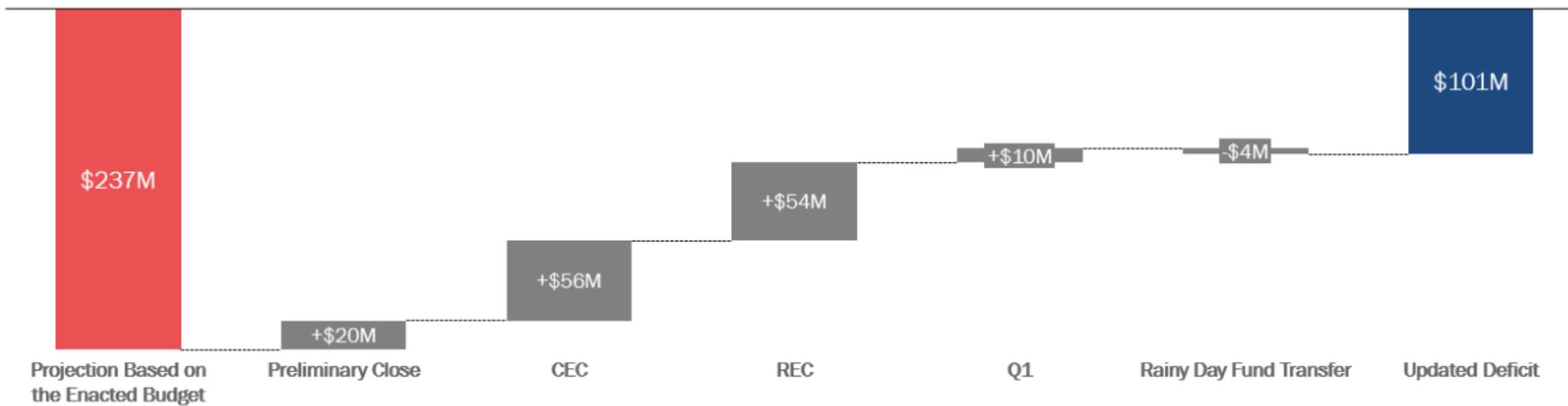
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FY2027 Budget Update

*Information from the
RI Office of Management and Budget “Budget Outlook for FY 2027” and the
OMB FY 2026 Budget “Executive Summary”*

FY2027 Budget

- Governor introduces his FY2027 Budget on Thursday
- Anticipated deficit for FY2027 decreased to \$101 million



Source: RI Office of Management and Budget, Budget Outlook for FY2027, Dec. 17, 2025

FY2027 Budget

Key Budget Drivers:

- Five-year forecast included revenue growth of 2.8% and expenditure growth of 3.6%
 - Grants and Benefits: Social and human services costs increase by 4.6% in FY27
 - K-12 Education aid: Estimated 6.8% increase in FY27 despite declining enrollment
- If these grew by the revenue growth factor (2.8%), the deficit would be essentially eliminated (\$100.3 million reduction)