

# Health Spending Accountability and Transparency Program

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A program to improve affordability to facilitate access to high-quality health care for all Rhode Islanders



# Problem Statement

Health care costs are **growing faster** than the Rhode Island economy, consuming a significant and increasing proportion of **household income, business revenue, and state and municipal budgets.**

As a result, the positive **impact of employee wage growth and business revenue growth is reduced** and **public investments** in education, transportation, and economic development outside of the health care sector **are diminished.**

Paradoxically, these **increased costs may result in spending cuts in other critical sectors** that directly impact health outcomes and quality of life, such as housing and nutritional programs.

# Support Funding for the Program in the State Fiscal Year 2023 Budget

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Build on data driven foundation to lower costs for consumers and businesses

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Fund \$500,000 for the Health Spending Accountability and Transparency Program

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OHIC will oversee the program, maximizing expertise from key stakeholders

# Goals of the Program

01

## TRANSPARENCY

Understand and create transparency around what drives cost growth

02

## ACCOUNTABILITY

Create shared accountability for cost growth among insurers, providers, and government measuring performance against a cost growth target

03

## IMPACT

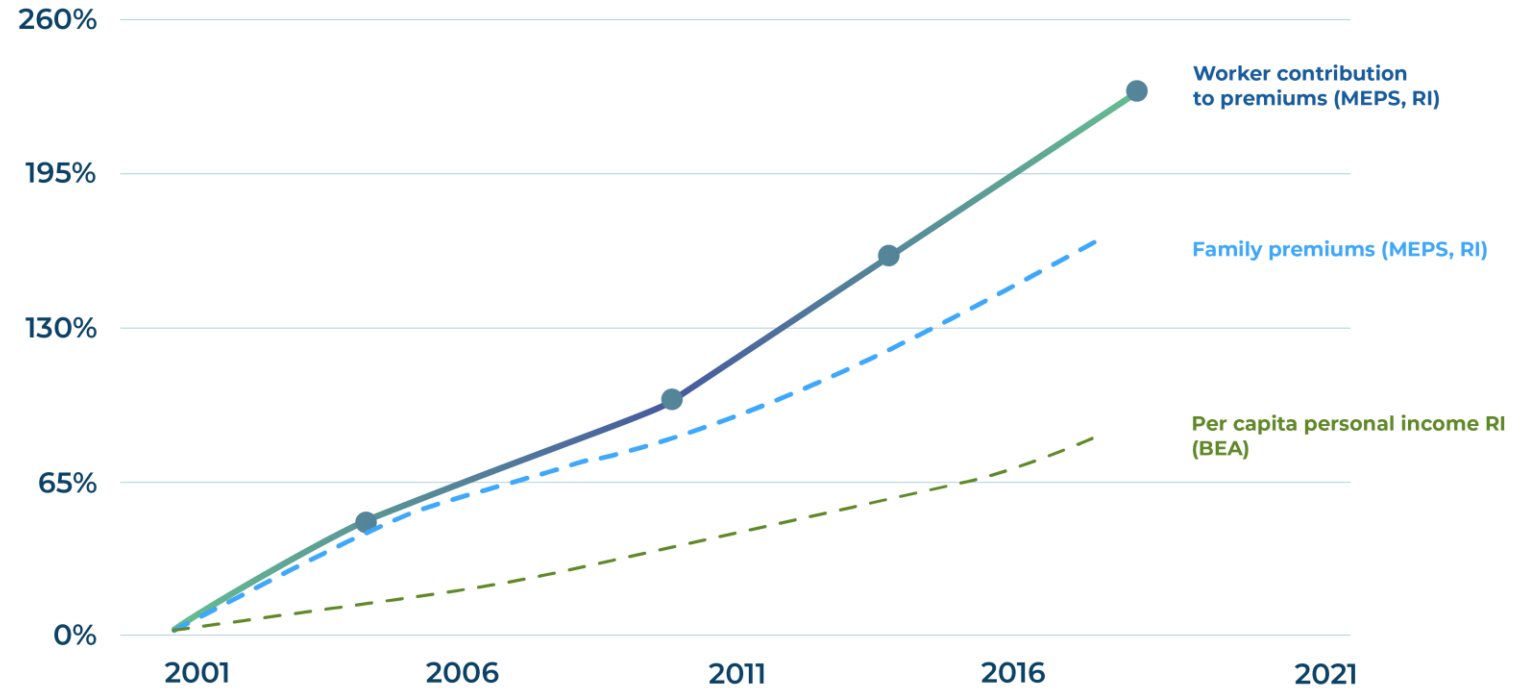
Lessen the negative impact of rising health care costs on Rhode Island residents, businesses, and government

# Impact of Rising Health Care Costs on Rhode Islanders

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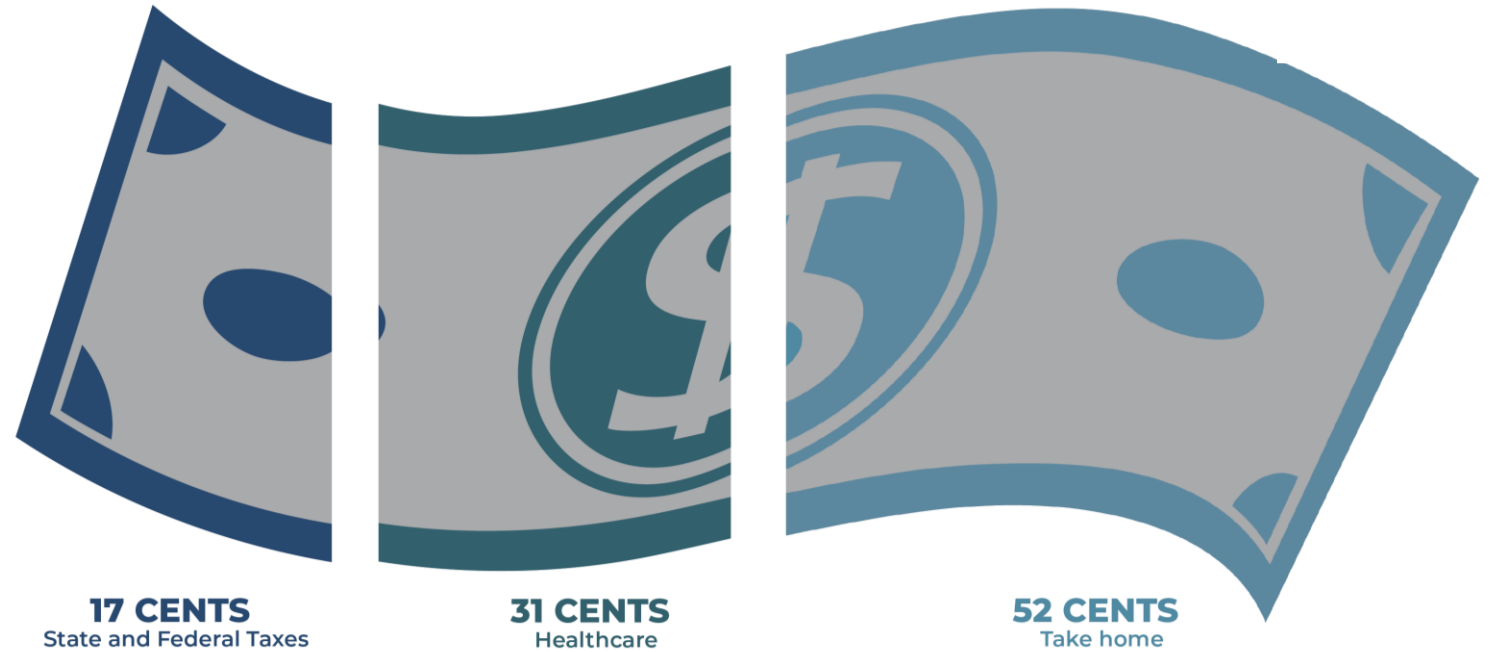
# Health care spending growth is outpacing income growth.

Since 2001, RI worker contributions to employer-sponsored insurance premiums have grown nearly 3x faster than personal income.



# Health care cost growth crowds out income increases

As a result of rising premiums and cost sharing, **31 cents of every additional dollar earned** by Rhode Island families between 2017 and 2019 went to health care. As a result, Rhode Island families have fewer resources for investing in daily needs, housing, education, and savings.



*Allocation of the increase in monthly compensation between 2017 and 2019 for a median income Rhode Island family with health insurance through an employer.*

Notes: Analysis by OHIC and based off an analytic framework developed by the Massachusetts Health Policy Commission

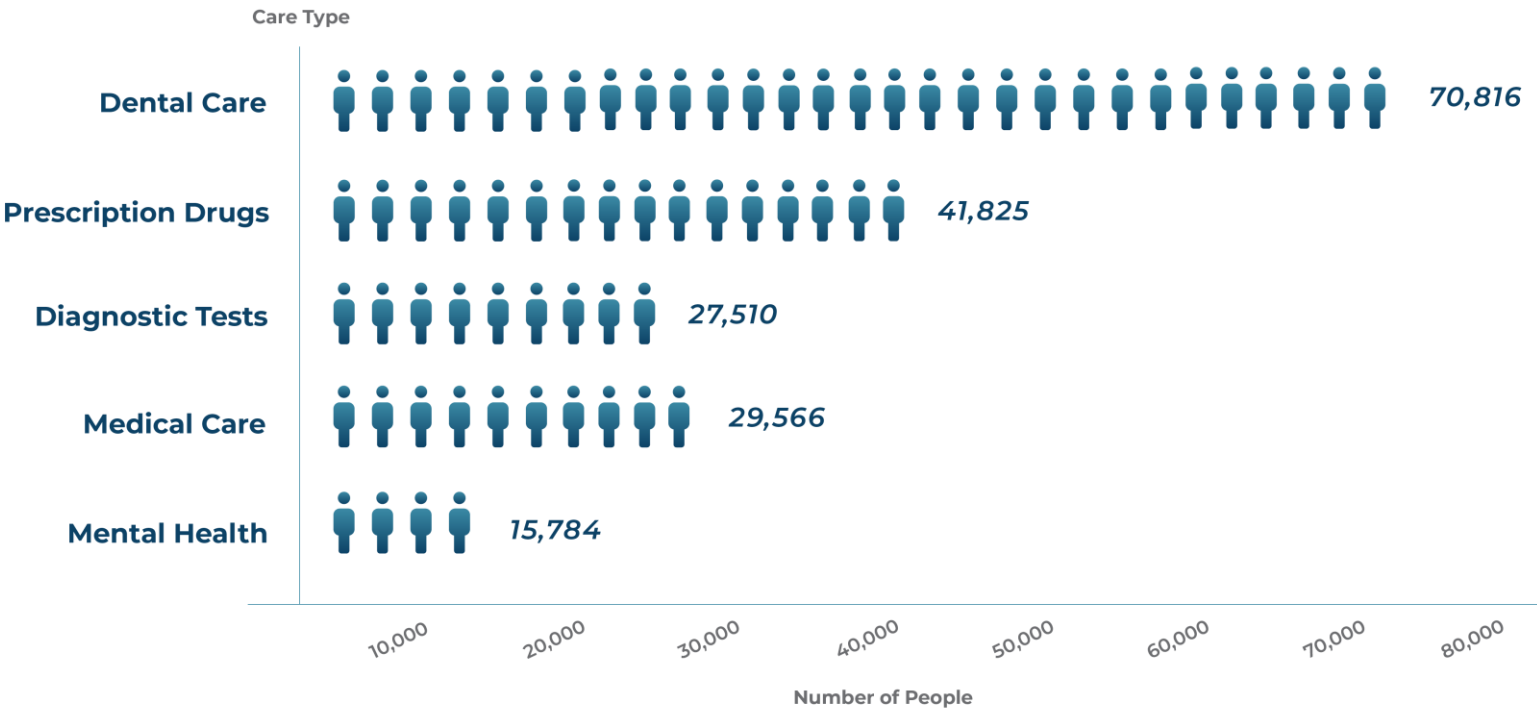
Data represent Rhode Island families who obtain private health insurance through an employer. Compensation is defined as employer premium contributions plus income as recorded in the ACS and is considered earnings. All premium payments are assumed non-taxable. Tax figures include estimated federal income, payroll, and state income tax for a median income family.

Sources: OHIC analysis of Agency for Healthcare Research and Quality (AHRQ) Medical Expenditure Panel Survey Insurance Component (premiums and employee premium co-shares), American Community Survey (ACS) 1-year files (median family income), and Current Population Survey (median family annual out of pocket health care expenses).

# RI residents are forgoing care due to cost.

Despite the high rates of residents that are fully insured, a recent survey finds that tens of thousands of residents delayed or skipped care due to cost between 2015 and 2020. This reflects the rising cost of co-payments, deductibles, and other cost-sharing that are the result of increasing health care costs.

Note: Chart includes a 4-year average reflecting data collected in 2015, 2016, 2018 and 2020.





# Health Spending Accountability and Transparency Program:

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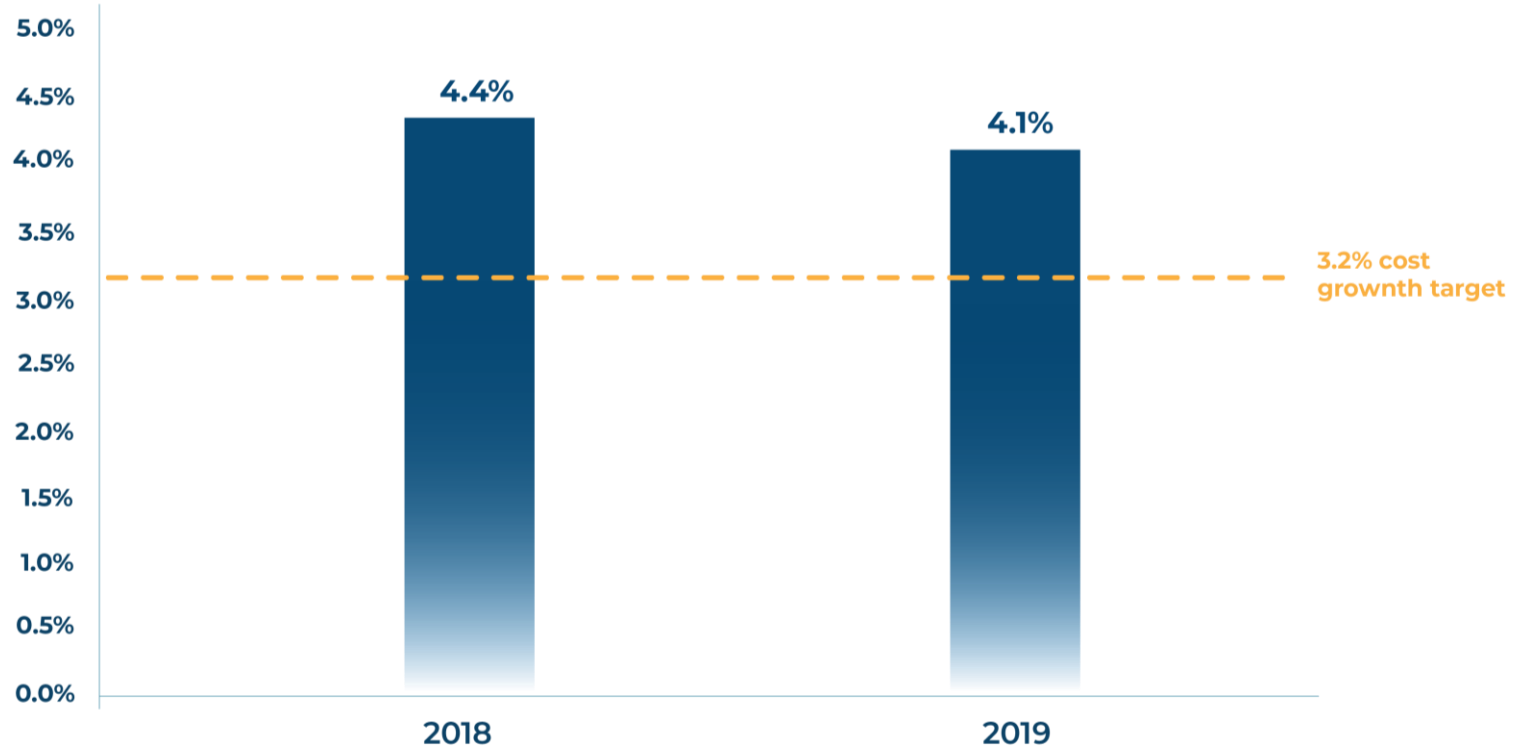
**A pathway to slowing cost growth for consumers and business**

# Health care spending exceeds the established benchmark.

Information collected and analyzed by OHIC shows that growth in total health care spending continues to accelerate and has exceeded the established benchmark.

Without intervention, continued unchecked growth in health care costs will create significant challenges for businesses, result in RI residents spending more to receive care, and impact access to preventive, chronic, and emergency care.

### Year over year growth in total health expenses



# Diverse steering committee

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Businesses

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Consumers

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Government

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Payers

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Providers

# Foundational Work to Date



Established a benchmark of per capita cost growth of 3.2%



Analysis of cost growth and drivers



Developed a data reporting structure

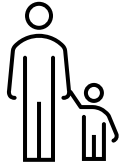


Public reporting of cost growth performance by market participants

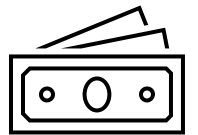
**Impact:** Data and tools exist to slow cost growth...  
if the work continues

# Intended Outcomes with Your Support

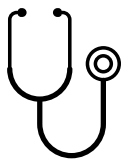
Affordability for Rhode Islanders



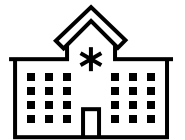
Lower cost burden for businesses and government



Greater access to care



Sustainable health infrastructure



# In Summary

The Health Spending Accountability and Transparency Program will **motivate the actions of private health care entities by providing transparency** around what drives costs.

It will also **provide actionable data for the executive branch and the General Assembly to make policies and pass legislation** that addresses the causes of excessive health care spending growth.

The program will **serve as a foundation on which to build a system of shared accountability for health care costs** across government, insurers, and providers.