



Contact: Cory King
401-462-9658 (office)
704-242-2292 (cell)
Cory.King@ohic.ri.gov

For Immediate Release: May 4, 2023

New Data Show Health Care Spending in Rhode Island Rebounded in 2021 After Pandemic-Driven Declines

Office of the Health Insurance Commissioner's Findings Underscore Need to Remain Vigilant About State Health Spending

Cranston, RI – Overall health care spending in Rhode Island rebounded in 2021 following an increase in utilization of health care services that were delayed or canceled in 2020 at the height of the COVID-19 pandemic, according to new data from the Office of the Health Insurance Commissioner (OHIC). The data show that health care spending increased most significantly in the commercial market (9.7%) followed by Medicare (8.0%) during 2021 after a 2.9% decline in overall spending per person the year prior. On average, health care spending increased from \$7,887 to \$8,262 per person in the state.

Spending growth was driven by increased spending on hospital outpatient services (10.2%), professional physician services (7.9%), and other professional services (13.1%).

These findings come on the heels of [research](#) from the Health Care Cost Institute showing a 15% increase in health care spending nationwide for people with commercial health insurance in 2021. In addition to falling below the national average for spending growth, Rhode Island had lower commercial health care spending growth than other states with publicly available cost growth data, including Connecticut, Delaware, and Massachusetts.

“Rising health care spending in the commercial market erodes wage growth and places significant financial burdens on working Rhode Islanders,” said Acting Health Insurance Commissioner Cory King. “With the costs of housing, utilities, and other necessities rising, it is imperative that we attain insight into the drivers of health care spending growth,” he continued. “This insight will guide policy to allocate our health care dollars more wisely so that we are able to make strategic investments in the health care workforce that are necessary to support the health and wellbeing of Rhode Islanders, while promoting affordability.”

OHIC will hold a public forum on May 8 to share the data in greater detail. At the public forum we will also hear from experts and local leaders about work that is underway to improve health care system performance. More details on the event and agenda are [here](#).

Protecting Consumers • Ensuring Solvency • Engaging Providers • Improving the System

www.ohic.ri.gov • 1511 Pontiac Avenue • Building #69 • Cranston, RI 02920 • 401.462.9517

The new health care spending data are collected through OHIC's Health Spending Accountability and Transparency Program. OHIC will use the data to monitor the performance of the health care system and shape solutions to contain rising health care costs to promote more affordable, high-quality care for Rhode Islanders. In addition to the Health Spending Accountability and Transparency Program, OHIC convenes the Cost Trends Steering Committee, which is comprised of leaders from health care provider organizations, employers, academia, consumer advocates, and payers who are committed to producing more sustainable health care costs and improving the health care system more broadly.

"Raising Rhode Islanders' incomes, supporting our small businesses, and creating the conditions for Rhode Islanders to be healthy are key objectives of my administration," said Governor Daniel J. McKee. He continued: "We cannot achieve these objectives unless we have the tools to measure the performance of the health care system on cost, quality, and access and we work collaboratively with doctors, hospitals, consumers, employers, and insurers to improve health care in Rhode Island. That is why it is so critical that we continue to build on OHIC's work and implement solutions to improve health care for all Rhode Islanders."

The new OHIC analysis compares health care spending growth in 2021 to a "benchmark" that was determined in collaboration with health care leaders to keep increasing costs in check. The benchmark for health care spending growth in 2021 was 3.2%—equivalent to the long-term forecasted growth of Rhode Island's economy. In 2021, commercial spending grew three times faster than the benchmark at a rate of 9.7%.

After the May 8 public forum OHIC will publish an unprecedented report on health care spending and quality performance in the state. The report will contain the following analyses:

- Statewide spending and spending growth for the state, the commercial market, Medicare, and Medicaid.
- Spending growth by service category (such as hospital outpatient, retail pharmacy, etc.) and the contribution of each service category to spending growth.
- Trends in retail pharmacy spending from 2017 through 2021 and the influence of drug prices.
- Quality performance of health insurers and large providers relative to national benchmarks.
- Health care spending growth for each health insurer and large provider group compared to the 3.2% benchmark.

The new health care spending data account for Rhode Island residents who are insured by Medicare, Medicaid or commercial insurers, and residents who receive coverage from self-insured employers. OHIC measures total health care expenditures using aggregate data submitted by insurers in the state, as well as state and federal government data. OHIC also collects data on quality performance by health insurers and large health care provider organizations called Accountable Care Organizations. This data is important for OHIC's mission of containing health care costs for Rhode Islanders.

For more information on OHIC click [here](#). For more information on the Health Spending Accountability and Transparency Program click [here](#).

Protecting Consumers • Ensuring Solvency • Engaging Providers • Improving the System

www.ohic.ri.gov • 1511 Pontiac Avenue • Building #69 • Cranston, RI 02920 • 401.462.9517