



## Rhode Island Health Care Cost Trends Steering Committee

### **Compact to Reduce the Growth in Health Care Costs while Improving Health Care Access, Equity, Patient Experience, and Quality in Rhode Island**

#### **Background**

On December 19, 2018, the Rhode Island Health Care Cost Trends Steering Committee executed the [Compact to Reduce Growth in Health Care Costs and State Health Care Spending in Rhode Island](#), which adopted a health care cost growth target of 3.2% on an annual basis for 2019 through 2022, which was equal to the value of the growth rate of Rhode Island's potential gross state product. This represented and continues to represent a voluntary commitment by health care stakeholders to take all reasonable and necessary steps to annually keep cost growth below the target at the organizational level and state level while maintaining (or improving) quality and access. More recently, the [Compact to Accelerate Advanced Value-Based Payment Model Adoption in Rhode Island](#) was also developed and, on April 13, 2022, signed in order to issue a set of recommendations for accelerating the adoption of advanced value-based payment models in Rhode Island in order to help to reduce the growth rate of health care spending and support attainment of the state's target. The Steering Committee also committed to convening over the course of 2022 to determine whether to keep the existing target or establish a new target for 2023 and beyond.

Despite the critical foundational work to date completed by the Steering Committee including establishing the target, developing a data reporting structure, analyzing cost growth and its drivers, and publicly reporting cost growth performance by market participants, health care costs continue to grow faster than Rhode Island can afford, 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.

Moreover, Rhode Island and the nation as a whole, continue to lag on critical public health indicators, such as life expectancy, infant mortality, maternal mortality, childhood obesity, and overdose deaths, with many indicators moving in the wrong direction and with outcomes for groups that have been economically/socially marginalized often trailing substantially. Therefore, reducing cost growth must explicitly be done in concert with improving health care access, equity, patient experience, and quality in Rhode Island to achieve necessary improvement in outcomes on a statewide scale.

**We, the undersigned members of the Steering Committee, agree upon the following target values and target performance analysis and public reporting to continue to build a health care system that has as its features: affordable and predictable cost growth, improved financial stability, and population health management and quality excellence. Further, as signatories to this compact, we agree to work to achieve the target set forth in the context of broader efforts to improve the health care system. We agree that the State of Rhode Island Office of the Health Insurance Commissioner (OHIC) should reconvene the signatories of this voluntary compact, as part of the office's Health Spending Accountability and Transparency Program, no later than July 1, 2027 to revisit this compact to ensure effectiveness in constraining health care cost growth and improving health outcomes and to determine whether to keep the existing targets or establish a new target for 2028 and beyond.**

**Health Care Cost Growth Target Values**

1. For 2023 through 2027, the target shall be the value noted below:
  - o **2023:** 6.0%
  - o **2024:** 5.1%
  - o **2025:** 3.6%
  - o **2026:** 3.3%
  - o **2027:** 3.3%
2. These values represent a 75%/25% blend of potential gross state product values and forecasted median household income growth. They use the current forecast for median household income growth for three years, 2023 through 2025, and long-term forecast for 2026 and 2027. The values also account for the lagged impact of inflation on health care costs by adjusting the PGSP inflation input with inflation experience on a two-year lagged basis for 2023-2025 and uses the long-term forecast of inflation for 2026 and 2027. As such, the Steering Committee believes that they help to advance affordability by dampening the effect of elevated inflation, reflect consumer impact by taking into account household income growth, and represent accountable, challenging, and achievable values for payers and providers.

**Public Health and Health Equity Improvement Goals**


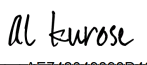
1. The Steering Committee believes that improvement in health outcomes with a specific focus on those that advance public health and health equity must be prioritized in tandem with improvements in affordability.
2. To this end, the Steering Committee will agree upon a discrete set of public health and health equity accountability measures with associated improvement goals on an annual basis as well as the methodology and practices to be utilized for analysis and public reporting of performance on these accountability measures. An initial set of priority measures and improvement goals will be agreed to by March 31, 2024, with methodology and practices utilized for analysis and public reporting of performance against the improvement goals agreed to by September 30, 2024. The Steering Committee intends for 2024 baseline values to be reported during 2025, with 2025 serving as the first performance period. It is not the intent of the Steering Committee to establish accountability measures for specific providers or health systems.

**Performance Analysis and Public Reporting**

1. Analysis and public reporting of performance against the target shall be completed consistent with the same methodology and practices utilized for analysis and public reporting of performance against the target for 2020, which was last completed on April 27, 2022.
2. Any material change to analysis and public reporting of performance against the target methodology and practices shall be reviewed with the Steering Committee in advance.

**Parties in Compact**

This compact, signed on [month] [day], 2022, shall remain in effect until December 31, 2027.

<p>DocuSigned by:    <small>0C0AE3E7C7B941E...</small></p>	<p>Cory King          Acting Health Insurance          Commissioner</p>	<p>Rhode Island Office of the Health Insurance Commissioner          Organization</p>
<p>DocuSigned by:    <small>AE742048898D40F...</small></p>	<p>Al Kurose          Steering Committee Co-chair          SVP for Primary Care and          Population Health</p>	<p>Lifespan          Organization</p>

DocuSigned by: Michele Lederberg  
 Name, Title: Michele Lederberg, Steering Committee Co-chair, EVP CAO & CLO  
 Organization: Blue Cross Blue Shield of Rhode Island

DocuSigned by: Martha L. Wofford  
 Name, Title: Martha L. Wofford, President & CEO  
 Organization: Blue Cross Blue Shield of Rhode Island

DocuSigned by: Tony Clapsis  
 Name, Title: Tony Clapsis, SVP  
 Organization: CVS Health

DocuSigned by: Michael DiBiase  
 Name, Title: Michael DiBiase, President & CEO  
 Organization: Rhode Island Public Expenditure Council

DocuSigned by: Diana Franchitto  
 Name, Title: Diana Franchitto, President & CEO  
 Organization: Hope Health

DocuSigned by: Peter Hollmann  
 Name, Title: Peter Hollmann, Physician, Board member  
 Organization: Rhode Island Medical Society

DocuSigned by: Jim Loring  
 Name, Title: Jim Loring, CFO  
 Organization: Amica


DocuSigned by: Sam Salganik  
 Name, Title: Sam Salganik, Executive Director  
 Organization: Rhode Island Parent Information Network


DocuSigned by: Kristin Lewis  
 Name, Title: Kristin Lewis, EVP & Chief Public and Community Affairs Officer  
 Organization: Point32Health


DocuSigned by: Michael Wagner  
 Name, Title: Michael Wagner, CEO  
 Organization: Care New England


DocuSigned by: Teresa Paiva Weed  
 Name, Title: Teresa Paiva Weed, President  
 Organization: Hospital Association of Rhode Island


DocuSigned by: Peter Marino  
 Name, Title: Peter Marino, President & CEO  
 Organization: Neighborhood Health Plan of Rhode Island

DocuSigned by:  
 Ana Novais  
Rhode Island Executive Office of Health and Human Services  
00D4D5836380414...  
Name, Title Acting Secretary  
Organization

DocuSigned by:  
 Lawrence E. Wilson  
The Wilson Organization  
608EF35ABA02403...  
Name, Title Managing Director  
Organization

DocuSigned by:  
 Neil Steinberg  
Rhode Island Foundation  
5D31260ECA9414...  
Name, Title President & CEO  
Organization

DocuSigned by:  
 Al Charbonneau  
Rhode Island Business Group on Health\*  
BF5976CA54E0439...  
Name, Title Executive Director  
Organization

DocuSigned by:  
 Arthur Sampson  
Lifespan  
D17D5F11A85A425...  
Name, Title Interim President and CEO  
Organization

\*RIBGH supports the process but disagrees with the percent chosen for 2023.