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**New Report Shows that Health Care Spending in Rhode Island Slowed in 2022
After 2021 Surge**

State Meets 2022 Cost Growth Benchmark; Commercial Insurance Spending Rose 3.3%, Down from 9.7% in Prior Year; OHIC Makes Recommendations for Improving Health Care System Performance and Oversight

CRANSTON, R.I. (May 13, 2024) – Overall health care spending in Rhode Island increased by 1.6 percent in 2022, falling well below its annual growth benchmark of 3.2 percent, according to a new report released today by the Office of the Health Insurance Commissioner (OHIC) analyzing health care spending, quality, and equity trends across the state.

The new OHIC analysis compares health care spending growth in 2022 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 2022 was 3.2 percent—equivalent to the long-term forecasted growth of Rhode Island’s economy. When health care spending grows faster than the economy and personal incomes, health insurance premiums and cost sharing consume a greater percentage of worker compensation and household expenses. Spending growth also crowds out public investment in non-health care sectors, such as housing, education, and transportation. The goal is to keep spending growth at or below the benchmark.

State-level spending growth was significantly lower in 2022 than in 2021, when patients began seeking care that they put off in 2020 because of the COVID-19 pandemic. In 2022, spending on hospital outpatient services rose more than 4 percent, bringing it closer to the level of spending for inpatient services. Statewide per person spending on hospital inpatient services fell 5.4%, after rising 3.4% in 2021, and per person spending on professional physician services fell 1.2%, after rising 7.9% in 2021.

Across insurance markets, health care spending per person was slightly above or below target for 2022. Commercial market spending was \$6,378 per person, a 3.3 percent increase over 2021 – but a significant decline from the prior year's 9.7 percent growth. Medicare spending increased 1.8 percent to \$13,201, while Medicaid spending rose 3.1 percent to \$7,439. Spending growth in Medicaid continued to be affected by the pandemic as the federal requirement to maintain continuous coverage during the COVID-19 public health emergency remained in force throughout 2022.

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OHIC also found that professional spending on mental health for commercial enrollees continued to rise during 2022, totaling \$100.9 million. From 2018 through 2022, spending per person on mental health soared 70 percent for children and adolescents, and 61 percent for adults. These increases were primarily driven by an explosion in service use before and during the years of the COVID-19 pandemic, remaining high in 2022 for both children and young adults.

Rhode Island is one of eight states, including CA, CT, DE, MA, NJ, OR, WA, that seeks to improve health care affordability by measuring health care spending growth against a benchmark. This approach brings transparency to the drivers of health care spending, creates the basis for data driven policymaking, and sets an expectation for market participants when negotiating contracts.

Measuring Health Care Quality

OHIC measures health care quality using eight quality measures that cover three domains: chronic illness, behavioral health, and preventive care. For the commercially insured, on each of the quality measures where there are national benchmarks, Rhode Island scored in the top 25% for all measures and the top 10% for all measures, except one. For the Medicaid population, quality was assessed across seven measures, and Rhode Island scored in the top 25% of all measures where there are national benchmarks except one, and in the top 10% of half of the measures. Performance was variable by health insurer and accountable care organization.

Measuring Health Equity

In 2022 the Cost Trends Steering Committee agreed to establish public health and health equity improvement goals. In 2023, OHIC established a work group to develop a set of discrete public health and health equity accountability measures with associated improvement goals. Six measures were identified, and this year's report presents baseline data for each measure and the associated equity improvement target.

Recommendations

New to this year's report, OHIC has proposed recommendations for strengthening health care system performance and oversight. These recommendations include:

1. Making investments in primary care and other community-based providers to support access, prevention, and care in the most appropriate, least cost setting.
2. Maintaining OHIC's Affordability Standards regulations governing hospital price growth in the commercial market to keep health care spending growth and premiums in check.
3. Publishing more consumer-focused analyses of health care cost and affordability burdens in the future.
4. Resourcing state oversight of the health care delivery system, including the creation of capacity to collect, analyze, interpret, and publicly report data on provider finances and operating costs, and improve oversight of physician practice group acquisitions.

"Rhode Islanders bear the burden of rising health care costs directly," stated Health Insurance Commissioner Cory King. He continued: "Although these latest data show a slowdown in health care cost growth, we must continue to keep a close eye on trends. The insights we gain will help us allocate

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our health care resources more judiciously, ensuring that we have resources to dedicate to expanding high value care. I hope this data and the recommendations advanced this year will promote a higher performing health care system.”

“Affordable health care is essential for a healthy community and robust small business economy,” stated Governor Daniel J. McKee. He continued: “In addition to building the infrastructure to monitor health care system affordability and quality, my administration has made significant investments in Rhode Island’s health care providers through the Medicaid program, with more investments included in my FY 2025 budget.”

Health Spending Accountability and Transparency Program

Under Governor McKee’s leadership, the Health Spending Accountability and Transparency Program to curb health care spending growth was launched in FY 2023. The health care spending and quality data are collected and analyzed by OHIC. OHIC uses the data to monitor health care system performance and shape solutions to contain rising health care costs and 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, made up of leaders from health care provider organizations, employers, academia, consumer advocates, and payers who are committed to achieving more sustainable health care costs and improving the health care system.

The OHIC 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](#). Additionally, to learn more about the Health Spending Accountability and Transparency Program, click [here](#).

Data Resources

[Annual Report: Health Care Spending and Quality in Rhode Island 2024](#)

[2024 Chartbook](#)

[Additional OHIC Data and Reports](#)

[OHIC Data Hub](#)

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