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NEW REPORT: Statewide Health Care Spending Grew 9.1% in 2024

- *Higher hospital and drug spending—notably GLP-1s—made commercial insurance more expensive.*
- *Per person spending exceeded \$10,000 for the first time.*

CRANSTON, R.I. (May 18, 2026) – Hospital services, prescription drugs, and long-term care were the primary drivers of the 9.1% increase in statewide health care spending in 2024, leading the state to exceed its 5.1% cost growth target, according to a new report released today by the Office of the Health Insurance Commissioner (OHIC).

The health care cost growth target, set by the state’s Cost Trends Steering Committee, is tied to Rhode Island’s projected economic and household income growth. The benchmark was adjusted upward in 2024—from 3.2% to 5.1%—to account for the lingering effect of post-pandemic inflation on the health care delivery system. Spending growth still exceeded the target due to rising prices, increased use of medical and surgical services, and rising spending on prescription drugs, most notably GLP-1s.

The report found that health care spending rose across all major insurance markets in 2024. Spending per person reached \$7,181 in the commercial market (up 7.1% from 2023), \$14,951 in Medicare (up 5.1%), and \$9,442 in Medicaid (up 16.3%). Per person Medicaid spending growth was driven by two key factors, the completion of the Medicaid eligibility redetermination process, which reduced the number of Medicaid enrollees, many of whom did not utilize care, and historic investments in provider payments to hospitals, behavioral health providers, and home and community-based service providers.

The impact of these increases is reflected in a 2024 survey of Rhode Islanders, which found that 82 percent worried about affording health care in the future and 66 percent reported delaying or going without health care during the prior 12 months.¹

¹ <https://healthcarevaluehub.org/chess-state-survey/rhode-island/2024/rhode-island-survey-respondents-struggle-to-afford-high-health-care-costs-worry-about-affording-health-care-in-the-future-support-government-action-across-party-lines/>

“The latest report highlights the critical mission of the Office of Health Commissioner: to prioritize the interests of Rhode Island’s health care consumers,” said Governor Dan McKee. “While my administration has taken proactive steps to reduce the cost burden of health care in Rhode Island, including several recommendations for the FY2027 budget, we must continue to find data-informed solutions to make quality health care more affordable for employers and working families.”

“This annual report helps policymakers, industry stakeholders, and the public see the problem of rising health care costs,” said Health Insurance Commissioner Cory King. “My hope is that seeing the problem will motivate us to address it through new approaches to health care system oversight and payment reform.”

Key findings related to the commercial market:

- **Hospital outpatient and retail pharmacy spending accounted for more than half of commercial market spending growth.** In total, inpatient and outpatient hospital care made up more than 40% of all commercial health care spending by Rhode Islanders in 2024. Hospital outpatient spending in the commercial market increased 9.0%, from \$1,807 to \$1,968 per person in 2024, driven by increasing prices and utilization. Since 2020, hospital outpatient spending per person has increased 46%. Retail pharmacy spending (net of rebates) increased 10.9%, from \$1,265 to \$1,403. Analysis from the APCD shows that unit payment (price per script) is the dominant driver of retail pharmacy spending growth over time.
- **GLP-1s continued to be the dominant driver of prescription drug spending growth in the commercial market.** Nearly all the increase in prescription drug spending, per member per month (PMPM), was driven by GLP-1s (\$9.24), immunologic agents (\$3.84), and the remaining small class of highest cost drugs (\$2.54). All other brand and generic drugs experienced decreased spending from 2023 to 2024.
- **Pharmacy rebates have increased dramatically in recent years.** Between 2020 and 2024 pharmacy rebates in the commercial market have increased from \$131.9 million to \$287.9 million. In 2024 rebates represented 35% of gross pharmacy claims expenditures. While rebates passed from manufacturers to pharmacy benefit managers and health insurers are generally passed on to the benefit of employers and plan sponsors, consumers often pay the gross price for the drug at the pharmacy counter and do not receive the benefit of the rebate relative to their out-of-pocket liability.

Key findings related to Medicaid:

- **Long-term care was the primary driver of Medicaid spending growth per person.** The primary driver of per person spending growth in Medicaid was long-term care. Hospital inpatient and other professional services, which include non-physician professionals like therapists, nurse practitioners, and psychologists, represented the two other major drivers of per capita spending growth. A major technical driver of per capita spending growth was the completion of the eligibility redetermination process following the COVID-19 pandemic pause. The process removed Medicaid enrollees, many of whom had no utilization and claims, from the Medicaid roles. This accounts for the difference in per person spending of 16.3% and 3.7% aggregate spending growth.
- **Positive state investments in hospitals, behavioral health, and social and human service providers, designed to improve the public’s access to care, contributed to aggregate spending**

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growth. Historic investments through new state directed payments for hospitals, Certified Community Behavioral Health Clinics (CCBHCs), and rate increases for providers whose rates are reviewed by OHIC during the biennial social and human service rate review contributed to the 3.7% aggregate spending growth in Medicaid. This development reflects an intentional effort by Governor McKee and the General Assembly to increase Medicaid rates to support a robust health care workforce.

Affordability for All – Making Health Care More Affordable for Rhode Islanders

Affordable health care is a top priority for the McKee administration. In addition to a 2026 executive order that lowers the cost insurance premiums offered through the HealthSource RI marketplace, Governor McKee also proposed a FY 2027 budget that includes three proposals designed to tackle the drivers of health care spending growth, lower health insurance premiums, and bring transparency to the role of pharmacy benefit managers in driving the cost of health insurance.

- **Curb health care spending growth** by requiring commercial insurers and large providers exceeding the cost growth target to enter performance improvement plans with enforceable penalties. This proposal also calls for annual hearings and a first-in-the-state all-payer primary care investment target to recognize the critical role of Rhode Island’s primary care providers in supporting the health of the state’s residents.
- **Create the state’s first-ever premium assistance program** to fully replace the Affordable Care Act’s Enhanced Advance Premium Tax Credit for individuals who earn less than 200% of the federal poverty level, keeping coverage affordable for approximately 20,000 Rhode Islanders.
- **Require Pharmacy Benefit Manager (PBM) transparency** by mandating detailed reporting to the Health Insurance Commissioner on rebates, spread pricing, fees, and business practices, with public disclosure and a benchmarking study to inform evidence-based reforms aimed at lowering prescription drug costs.

Measuring Health Care Quality & Equity

In addition to tracking health care spending, OHIC reports on health care quality, public health, and health equity to provide a more complete picture of how Rhode Island’s health system is performing. This year’s report highlights continued strong quality performance relative to national benchmarks.

- **Quality of Care:** Rhode Island continues to perform strongly on health care quality measures relative to national benchmarks. Among people with commercial insurance, the state scored at or above the national 75th percentile on 8 out of 9 core measures with available benchmarks. Rhode Island performance exceeded the 90th percentile on six of the nine measures for which a national benchmark was available. Medicaid performance was also strong, with performance above the national 75th percentile on seven of the ten measures.
- **Health Equity:** In 2023, OHIC established six statewide health equity measures with improvement goals. This year’s report presents the second year of performance data for each — marking another step toward greater accountability and more equitable outcomes across the health care system. The state continued to see improvements in several key indicators, including

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reductions in childhood obesity among both Black and Hispanic children, substantial progress in lowering the fatal overdose rate, and continued declines in the infant mortality rate for Black and Hispanic infants.

In addition to today's report, OHIC has updated six dashboards on the [OHIC Data Hub](#). These dashboards now include data through 2024 and allow users to explore health care spending trends using data derived from Rhode Island's all-payer claims database, HealthFacts RI.

Launched in FY 2023 under Governor McKee's leadership, Rhode Island's Health Spending Accountability and Transparency Program was created to monitor and help contain rising health care costs. The Office of the Health Insurance Commissioner (OHIC) collects and analyzes spending, quality, and equity data across all major payers — including Medicare, Medicaid, commercial insurers, and self-insured employers — to inform policy and improve system performance.

To learn more or access the full report and data resources, visit: <https://ohic.ri.gov/policy-reform/health-spending-accountability-and-transparency-program>

OHIC's annual report analyzes health care spending, quality, and health equity performance, and describes legislative proposals put forward by Governor McKee this year to improve the affordability of health care.

Data Resources

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

[2026 Chartbook and Supplemental Analyses](#)