

December 18, 2014

Dear Governor-elect Raimondo, Speaker Mattiello, and Senate President Paiva Weed:

Over the past few months, believing this is a unique and critical time for the state of health care in Rhode Island, a group of key health care stakeholders, convened by Senator Sheldon Whitehouse and Rhode Island Foundation President & CEO Neil Steinberg, came together to discuss some of the biggest challenges facing our health care delivery system.

The discussions were frank and covered many aspects of Rhode Island's current health care climate. There were areas of agreement and we acknowledged our differences. Most importantly, a consensus developed centered on a belief that for fundamental change to occur, we must work to alter the way we pay for health care. As Rhode Island currently spends nearly \$9 billion yearly on health care expenditures, we all believe that our current trajectory of health care spending is unsustainable in the long term. To tackle this issue effectively, it will take cooperation and commitment from the health care industry, businesses, consumers and state government.

We would like to serve as a resource for you as the state continues to encourage and stimulate this major paradigm shift in our current health care delivery system. We acknowledge that this will not be an easy task and will require thoughtful planning, implementation and execution. Our discussions around the need for health care payment reform have led to this compact of shared goals and commitment. We are aligned in our desire to work together and with you to establish statewide payment reform goals and progress targets. Below are some recommendations that have arisen from our discussions:

Establish Statewide Payment Reform Goals in 2015:

To achieve payment reform in the next five years, we request that State leaders support our commitment to work together to implement payment reform and support the following statewide payment reform goals:

1. The expansion and development of alternative reimbursement models that reward value and patient-centric care delivery.
2. Expansion of incentives for systems of care that encourage collaboration and sharing of claims data and the sharing of health care information through CurrentCare, the statewide health information exchange, and other electronic health record systems.
3. Elimination of waste in our health care system by reducing administrative overhead and encouraging the use of best practices to improve clinical outcomes while reducing costs.

Establish Statewide Progress Targets in 2015:

As we transition to new payment models, it is important to set specific and bold targets for the State to meet. Establishing statewide targets sends the message that Rhode Island is committed to changing the traditional payment reform structure. Recommendations for progress targets include:

1. Reduction in Fee for Service: State and health care sector leaders should set an aggressive target and timeline to reduce traditional fee for service in Rhode Island.
2. Cost Control: The State and health care leaders should immediately collect the necessary data to establish a strategy to control costs and examine various options, such as linking health care inflation to Gross State Product.
3. Reduce Waste and Redundancy: Some estimates suggest that up to 30% of health care spending could be eliminated without impacting the quality of health care. Specific targets should be established for the increased utilization of electronic medical records and reduced administrative costs. This effort will also require increased levels of consumer engagement and cooperation from patients.

Statewide Tracking Metrics:

There are several key benchmarks that can be tracked at both the national and state level to ensure that we are improving care as we transform the delivery system. There are various datasets available that can help track quality performance. HealthCentric Advisors, the state's Quality Improvement Organization, currently works with the State and stakeholders to generate quality reports. We will work with HealthCentric Advisors to identify six or seven important measures that can be tracked to ensure that care is being improved. Potential quality measures should include:

- Healthcare Acquired Infections
- 30 Day Readmission Rates by Hospital
- Statewide Emergency Department Visits
- Health Information Technology (HIT) Utilization

Recommended Action Steps for State Health Care Leaders and Policymakers:

Various state agencies and entities are independently working on this issue, but a coordinated statewide payment reform plan is needed now. Today we propose a public-private partnership to advise on the transformation of the delivery and payment system for health care in Rhode Island with the support of health care leaders, the business community, consumers, the Governor and the legislature. This partnership should:

1. Immediately establish a stakeholder group (providers, payers, employers and consumers) to work collaboratively with the Administration to transform Rhode Island's health care payment system.
2. To the extent there are gaps, rapidly define and collect data to create a profile of health care in RI (includes quality metrics and spending statistics).
3. Establish statewide baselines and goals for health care spending and quality for the next five years and report progress annually.
4. Use existing health care spending programs to accelerate coordinated, risk based care.
5. Encourage consumer engagement to increase the selection of high value care based on cost and quality data.
6. Review and reform state healthcare regulations to promote efficiency.
7. Promote better population health and personal responsibility in health care.

Building on a Track Record of Innovation

Over the last few years, Rhode Island has demonstrated a willingness to disrupt the system and develop new collaborations and partnerships. There are a number of exciting initiatives underway that are focused on reducing unnecessary care and improving the health of Rhode Islanders. Over the long term, these efforts will lower health care costs and spending. With this in mind, we need to continue, and further encourage, payment reforms we have begun to witness from many groups and organizations in our state.

Here are a few examples:

1. The Rhode Island Chronic Care Sustainability Initiative, a nationally recognized patient-centered medical program, has observed an overall decrease in hospital admissions and emergency visits by their patients.
2. Care New England, Blue Cross Blue Shield and the Rhode Island Primary Care Physicians Corporation have established a three-year accountable care payment contract agreement.
3. Coastal Medical, a participant in the Medicare Shared Savings Program, recently announced first year's savings of \$7.2 million.
4. Several hospitals, including Rhode Island, Miriam, Newport and Kent, are participating in bundle payment demonstrations with the Centers for Medicare and Medicaid Services.
5. Institutions and providers are making significant investments in health information technology, including the Rhode Island Quality Institute and the implementation of Epic at Care New England and Lifespan.
6. The Rhode Island Business Group on Health has initiated discussions about "Choosing Wisely," an initiative to help patients, physicians and other health care providers address the overuse of health care resources in the United States.
7. The State has secured \$20 million from a grant from the Centers for Medicare and Medicaid Service to develop new models of care, including new payment initiatives.

Whenever possible, we should sustain, scale and build upon these models and efforts. Rhode Island has all of the necessary ingredients – a strong commitment from hospitals, payers, providers to improve patient outcomes, an engaged business community, a thriving research base, a robust statewide health information exchange and a strong medical school.

As leaders of key institutions, organizations and constituencies, we are committed to bringing our institutional resources to bear on the goals outlined above, and we would value the partnership of state leaders going forward. If we do not affirm a strong commitment to payment reform, we jeopardize the many achievements that have been made. Similar to the Rhode Island banking industry, our health care industry faces the risk of losing local leadership and control as more efficient regional and national health care organizations develop formulas to deliver better care at lower costs.

As a new administration and General Assembly session begins, we strongly encourage you to continue to support the effort we have started to make health care payment reform a reality in Rhode Island.

Respectfully submitted,

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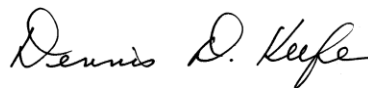
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The Honorable Elizabeth Roberts, Lieutenant Governor
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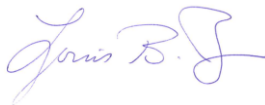
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