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Raimondo's Healthcare Innovation Group Targets Crisis of Health Spending

PROVIDENCE, R.I. (August 19, 2015) – In an effort to bend the healthcare cost curve and provide ratepayers, businesses and taxpayers with more predictability in their healthcare spending, Governor Gina M. Raimondo's Working Group for Healthcare Innovation launched a public process today to develop and implement a global healthcare spending cap for Rhode Island. The Working Group held its first meeting and invited David Cutler, a noted health economist and Harvard professor who is widely credited as an architect of Massachusetts' healthcare spending cap, to present on "the crisis of health spending" and offer his perspective on how Rhode Island can drive health reform across the system.

"Despite commendable efforts to keep health insurance affordable for businesses and families, Rhode Islanders will continue to see premiums rise year after year unless we come together as a state to address the root causes of rising healthcare costs. The time is now to rein in spending and lay the foundation for a healthcare system that works for all Rhode Islanders," said Working Group Chair and Health and Human Services Secretary Elizabeth Roberts. "Starting with our very first meeting, we will focus on concrete, actionable steps that move our entire system towards one that pays for value, not volume. This is an extraordinary opportunity not only to address challenges, but also to strengthen Rhode Island's position as a leader in healthcare innovation. We are ready and motivated to get to work."

According to 2009 data from the Kaiser Family Foundation (the most recent year for which comparable data is available), Rhode Island's per capita healthcare spending is 22 percent higher than the national average and the seventh highest in the nation. Earlier today, the Office of the Health Insurance Commissioner (OHIC) announced that commercial health insurance premiums are set to rise again in 2016, though at lower rates than those requested by most health insurers and comparably lower than many other states. The rising cost of medical care – the prices insurers pay to providers for particular services and the number of services members use – continues to be the main driver of health insurance premium growth.



“Rhode Island spends more on healthcare than nearly all other states,” said Cutler. “The crisis of healthcare spending poses a threat to Rhode Island’s economic recovery and creates uncertainty for families, businesses and government officials. Governor Raimondo is taking the right approach to push the entire healthcare system to focus on better outcomes and drive better value.”

Cutler is the Otto Eckstein Professor of Applied Economics at Harvard University and also holds secondary appointments at the Harvard Kennedy School of Government and the Harvard School of Public Health. He is a member of the Massachusetts Health Policy Commission and the Institute of Medicine, a research associate with the National Bureau of Economic Research and served as a senior healthcare advisor to the Obama presidential campaign.

Raimondo signed an executive order in July creating the Working Group for Healthcare Innovation and named Roberts as chair. The group will focus on four specific sets of deliverables, due to the Governor in December, which support the healthcare triple aim of better patient care, outcomes, and value for all Rhode Islanders:

1. Develop benchmarks and a plan to establish a global healthcare spending cap for Rhode Island;
2. Identify an implementation plan to achieve the “80 by ‘18” goals which tie 80 percent of healthcare payments to quality by 2018;
3. Develop a vision for next-generation health information technology systems for all payers to improve care and reduce waste in the system; and
4. Establish performance management frameworks to achieve defined population health and wellness goals.

Earlier this year, Raimondo appointed the Working Group to Reinvent Medicaid, whose recommendations formed the basis for the Reinventing Medicaid Act of 2015, which achieved more than \$70 million in state Medicaid savings and establishes incentive programs designed to reward hospitals and nursing homes for providing better coordinated care and achieving better patient outcomes. The Working Group recently completed a long-term plan to achieve better quality, coordination, and value for Rhode Island’s Medicaid system. Shifting Medicaid toward a model that pays for outcomes and quality rather than volume is a catalyst for wider reforms to the State’s healthcare system.

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