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RHODE ISLAND SETS HEALTHCARE COST-CONTROL TARGET

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Rhode Island's governor aims to cap annual growth in healthcare spending at 3.2% for the next four years, issuing [Executive Order 19-03](#) to set this target for all healthcare markets and populations in the state. One reason cited for issuing the order is that Rhode Island's per capita healthcare spending has outpaced the state's economic growth.

COST-CONTROL GOALS

The healthcare cost growth target reflects [recommendations](#) made by Rhode Island's [Executive Office of Health & Human Services](#) and the [Health Insurance Commissioner's Office](#). Those agencies will work with insurers, providers, community partners and other stakeholders on developing strategies to meet the target and ensure healthcare consumers "share in the positive impact" of this work.

INFORMATION MANUAL

By Oct. 31, regulators must publish a tactical manual setting out what methods to use in calculating the target, where to obtain data for those calculations, and how to assess performance. The order doesn't indicate where the published information will reside.

ANNUAL REPORT

The agencies must issue a year-end report assessing annual cost growth relative to the 3.2% target in the state's health insurance market — including commercial, Medicaid and Medicare coverage — and at the individual-payer level. The report also must analyze annual cost growth using clinical risk-adjustment methods for sufficiently sized accountable care organizations. The order doesn't specify a recipient for the report or any follow-up measures.

POTENTIAL IMPACT

The governor's action follows a [Compact to Reduce the Growth in Health Care Costs and State Health Care Spending in Rhode Island](#) signed by public and private stakeholders on the state's Health Care Cost Trends Steering Committee. If the effort succeeds, employers sponsoring insured or self-insured plans in Rhode Island could see slower growth in healthcare costs. The target is aspirational, however, since the executive order contains no rewards or penalties tied to the target. Since 2013, Massachusetts has set an annual 3.6% benchmark for healthcare spending growth, with mixed [results](#).

RELATED RESOURCES

Non-Mercer Resources

- [Executive Order 19-03](#) (RI Governor's Office, Feb, 6, 2019)
- [RI Healthcare Cost Trends Project Website](#) (RI Health Insurance Commissioner's Office)
- [Compact to Reduce the Growth in Healthcare Costs and State Healthcare Spending in Rhode Island](#) (RI Health Insurance Commissioner's Office, Dec. 19, 2018)
- [2018 Report on Healthcare Cost Trends](#) (MA Health Policy Commission, Feb. 20, 2019)
- [Healthcare Cost Control: Where Do We Go From Here?](#) (Health Affairs Blog, July 13, 2018)

Mercer Resources

The following articles are available from Mercer's [US](#) or [global](#) website:

- [Mercer National Survey: Affordability Concerns Lead More Employers to 'Future-Focused' Strategies to Manage Health Cost](#) (Oct. 30, 2018)
- [Mercer Annual Survey Finds Health Benefit Cost Growth Will Hold at 4.1% in 2019](#) (Sept. 13, 2018)
- [Mercer Marsh Benefits Finds Employer-Sponsored Global Healthcare Plan Costs Continue to Outpace Inflation](#) (June 20, 2018)

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