



April 1, 2025

Honorable Susan R. Donovan
Chair, RI House Health and Human Services Committee
Rhode Island State House
Providence, Rhode Island 02903

Re: In Opposition - H5832 - RELATING TO STATE AFFAIRS AND GOVERNMENT -- THE RHODE ISLAND HEALTH CARE REFORM ACT OF 2004 -- HEALTH INSURANCE OVERSIGHT

Dear Chair Donovan,

On behalf of the Rhode Island Business Group on Health (RIBGH), thank you for the opportunity to share our perspective on H5832. We appreciate your continued commitment to improving health care for Rhode Islanders and recognize the difficult choices you face in balancing access, affordability, and sustainability.

We respectfully raise concerns about H5832, as we believe it may unintentionally limit Rhode Island's ability to address some of the most significant drivers of rising commercial health insurance premiums—costs that affect families, employers, municipalities, unions, and public agencies alike.

Earlier this year, RIBGH released a brief titled [*Rhode Island's Ongoing Struggle with Rising Health Care Costs*](#). The data shows that from 2012 to 2022, commercial family premiums in Rhode Island grew from 23% to 28% of median household income—making our state one of the most expensive in the country. A major factor in this increase is hospital-related spending, particularly outpatient services, which have grown faster than even prescription drug costs.

Our most recent [analysis](#), building on that work, took a deeper look into hospital expense structures. Some key findings include:

- Overhead expenses accounted for 53% of the total growth in Rhode Island hospital expenses between 1996 and 2022, compared to 41% nationally.

- Rhode Island ranked second-highest in the U.S. in 2022 for hospital overhead as a percentage of total hospital expenses.
- These overhead costs not only contribute to rising premiums—they may also be hindering hospital efficiency and financial health.

We recognize that hospitals face real financial pressures, including challenges related to physician practices. At the same time, we believe it's important to understand how overhead and related costs are structured and allocated—so that payment systems can be fair, transparent, and sustainable.

While we understand and respect the intentions behind H5832, we are concerned that it does not address the structural drivers of cost growth—and may risk reinforcing a system that lacks the transparency and accountability we believe are essential to long-term affordability.

We believe there is a better path forward—one rooted in shared goals and evidence-based solutions. Together, we can:

- Establish metrics that go beyond prices and quality to include hospital efficiency;
- Leverage Medicare Cost Report data to benchmark and manage overhead costs;
- Support payment models that emphasize value, transparency, and affordability.

We respectfully urge the Committee to consider these priorities as you evaluate H5832. We would welcome the opportunity to collaborate on policies that advance a more affordable, accountable, and high-performing health care system for all Rhode Islanders.

Thank you for your time and thoughtful consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Allen F. Charbonneau". The signature is fluid and cursive, with a horizontal line extending to the right.

Executive Director