

April 1, 2025

The Honorable Susan Donovan, Chair, House Committee on Health and Human Services  
Via email to: [HouseHealthandHumanServices@rilegislature.gov](mailto:HouseHealthandHumanServices@rilegislature.gov)

Re: House Bill 5832, relating to insurance

Dear Chairwoman Donovan and Members of the Committee:

On behalf of Blue Cross & Blue Shield of Rhode Island (Blue Cross), I write to express opposition to House Bill 5832, which would mandate a blanket increase in commercial health insurance payments to hospitals over the next three years and set a new, higher, base for all future price increases. Blue Cross is extremely concerned that this bill will significantly reduce the affordability of healthcare for individuals, families, businesses, municipalities and the State of Rhode Island, and ALL purchasers of health coverage.

The premium impact to Blue Cross commercial subscribers alone would be an additional **\$128 million** over three years. For the entire Rhode Island commercial insurance market, the figure balloons to **\$215 million**.<sup>1</sup> This mandated increase would be in addition to annual increases approved by the Office of the Health Insurance Commissioner (OHIC) in recognition of higher prices and utilization. The mandate would also permanently inflate the base cost of hospital services in Rhode Island.

A Fiscal Note by the Office of Management and Budget confirmed the multimillion-dollar taxpayer impact of similar legislation considered last session. Blue Cross suggests that this comparable legislation would need a Fiscal Note in order to fully gauge the tax increases needed to support the additional hospital payments required by this legislation.

Higher healthcare premiums result in wage stagnation among families and limits employers' ability to grow, according to the Office of the Health Insurance Commissioner and a study published in JAMA (The Journal of the American Medical Society).<sup>2</sup> The JAMA report indicated that the hidden costs of increased premiums meant less opportunity for wage growth, particularly among lower paid workers. This proposed increase in payments to hospitals will result in higher premiums. In 2023, family coverage in RI typically exceeded \$25,000, with employers on average, paying more than **\$17,300.00** per year toward an employee's family coverage.<sup>3</sup> And the average employee contribution exceeded **\$6,000.00** per year.<sup>4</sup> This bill would adversely affect local employers' ability to offer competitive salaries and would require



<sup>1</sup> Blue Cross & Blue Shield of Rhode Island premium impact analysis

<sup>2</sup> [OHIC: Rising Health Care Costs and Employee Wage Growth.pdf](#) Quoting Hanger K, Emanuel E, Mozaffarian D, Employer-Sponsored Health Insurance Premium Cost Growth and its Association with Earnings Inequality Among US Families; JAMA Netw Open, 2024;7(1)e2351644.

<sup>3</sup> Kaiser Family Foundation 2023; [Custom State Reports | KFF](#)

<sup>4</sup> Ibid – see footnote 3.

employees to devote a larger portion of their salary to healthcare costs. Together, these would impede efforts to build a thriving Rhode Island economy.

Hospital payment increases are thoughtfully negotiated and targeted. Blue Cross considers patient access to care, network participation, quality of care, and affordability when determining payment levels. Blue Cross collaborates with providers on agreements that include higher per-service payments and annual infrastructure and quality payments to improve access and patient outcomes. With no provisions imposing any obligation on providers in return for the higher payments, this bill - statutorily mandating higher provider compensation - diminishes the ability for health plans to negotiate or fund increases based on improvements in access to care, quality of care, or health outcomes.

Payments to hospitals by commercial health plans are already among the highest fees received for the services provided to hospital patients. A Rhode Island Foundation commissioned study by Manatt on Rhode Island's healthcare system noted that commercial insurers payments were at 202% of Medicare. This legislation would substantially increase the rates paid by commercial insurers, who already are paying the highest prices for hospital services in the market. Meanwhile, the legislation does not address Medicare rates, which pays on average half what commercial insurers pay. Nor does it address the inadequate Medicaid rates, which are even lower than Medicare.

Blue Cross believes that mandating an additional increase will only exacerbate the drastic decline in the commercial market. Just 10 years ago, commercial subscribers made up 57% of health insurance enrollment. By 2023, it had plummeted to 39%. In 2013 combined Medicaid/Medicare enrollment totaled 43%. A decade later, Medicaid/Medicare enrollment exceeded 61%.<sup>5</sup> All providers, not just hospitals, receive less reimbursement from government programs. The General Assembly should be very cautious of any proposal that could increase the shift away from commercial coverage because of the negative impact it will have on all healthcare providers' finances.

We urge you to consider the cascading effects of an across-the-board increase in payments to hospitals, most importantly the substantial premium increases that would be required to fund it. This bill would clearly make health insurance more unaffordable for Rhode Islanders struggling to continue to pay for their health coverage.

Sincerely,



Richard Glucksman,  
Assistant General Counsel

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<sup>5</sup> Health Facts RI APCD; RI EOHHS Medicaid Expenditures Report; CMS Medicare Monthly Enrollment Data