

May 9, 2024

The Honorable Susan R. Donovan
Chair, House Health and Human Services Committee
Members of the House Health and Human Services Committee
Rhode Island State House
82 Smith Street
Providence, RI 02903

Re: H.8072

Dear Chair Donovan,

We provide written testimony today out of grave concern for the short and long-term stability of the Rhode Island healthcare delivery system. There are multiple signs that our system is broken, is vulnerable to significant instability or collapse, and action must be taken if Rhode Islanders are to have access to the quality healthcare they deserve.

At the root of the issue for Rhode Islanders is chronic underfunding across the entire healthcare delivery system. This has led to completely inadequate access to primary care, specialty, and advanced practice providers (APPs). National Public Radio (NPR) has declared a Rhode Island primary care system 'in crisis' while The Rhode Island Department of Health's Primary Care Physician Advisory Committee has stated that "primary care is going extinct [in RI]." Multiple sources including The Advisory Board and WalletHub rank Rhode Island as the worst or second worst state in America for physicians to practice in. Fifty percent of our private general acute care hospitals (Westerly, Landmark, Roger Williams Medical Center [RWMC], and Our Lady of Fatima) have either closed or declared bankruptcy. Two of them (RWMC and Fatima) sit on the brink of insolvency today.

Hospitals and Health systems employ approximately seventy percent of physicians according to Becker's and inadequacy of funding for hospitals undermines the subsidy necessary to support those employed practices and contracted physician services to meet our community's needs. A recent survey of primary care physicians in Washington County alone suggests under twenty (20) percent of primary care providers are currently accepting new patients, and the average wait time for those few accepting new patients exceeds four (4) months. Just two months ago in March 2024, thousands of Rhode Islanders were informed by Private Equity-backed Prospect-CharterCARE – the owners and operators of Roger Williams Medical Center and Our Lady of Fatima Hospital – that they had decided to disaffiliate with multiple provider groups. This is yet another sign of a destabilized system, that calls into question the viability and longevity of dozens of community-based provider practices in Providence County.

The Association of American Medical Colleges has identified nearly a third of Rhode Island's physicians are at retirement age and ranks Rhode Island 47th out of 50 states in retaining graduates from medical school. Physicians and advanced practice providers are retiring, leaving Rhode Island, or simply choosing not to come here in the first place because they know they can make 20-30% more in neighboring states like Connecticut and Massachusetts for the same service.

Why is Rhode Island Healthcare in crisis? – chronic underfunding below regional averages imposed by the Office of the Health Insurance Commissioner (OHIC). Over two decades OHIC has imposed "rate caps" on hospitals *below* the rate of healthcare inflation. Over this period of time, Connecticut and Massachusetts have outpaced reimbursement in Rhode Island significantly, while the costs to provide the care are the same. According to the independent Rhode Island Foundation study that was released on April 1, 2024, hospitals receive 17% lower commercial reimbursement for inpatient care and up to 29% lower commercial reimbursement for hospital outpatient care compared to Connecticut and Massachusetts, while experiencing

significantly lower utilization. When standardized for lower Medicare reimbursement, total commercial spending per capita in Rhode Island is 35% lower than in Connecticut and Massachusetts.

This egregiously unsustainable gap in reimbursement has made it virtually impossible to recruit and retain providers. Healthcare systems in Massachusetts and Connecticut regularly exploit their higher reimbursement rates to attract the best and brightest healthcare providers from Rhode Island. This creates an un-level playing field where Rhode Island regularly loses physicians and advanced practice providers as we simply cannot afford to pay them rates competitive with Massachusetts and Connecticut, leaving Rhode Island residents with inadequate access to primary care providers and specialists.


We believe all of the above are unambiguous and critical warning signs of a failing system – multiple hospital bankruptcies, plummeting supply of physicians and APPs, and failing healthcare infrastructure. What is the solution? Bill 2024-H 8072 calls for a three-year phased-in approach that ensures private commercial reimbursement is on par with Connecticut and Massachusetts.

According to Federal Medical Loss Ratio Filings from 2021 and data summarized by Oliver Wyman at the request of OHIC, when compared to Connecticut and Massachusetts, Rhode Island currently features the lowest health premium rates per member per month in our region, while providing the richest benefits in and caring for the sickest patients in New England. Our estimates of premium increases to support Bill 2024-H 8072 equate to a total of \$29 per commercially insured member per month. After implementation, Rhode Island rates will *still* remain the lowest in the region. For a modest investment, Rhode Island can create a dramatic impact on sustainability by generating \$167 million of additional funding per year for our fragile health system. It is also important to note that the aforementioned premium increases will not impact individuals/families that purchase subsidized health insurance through HealthSource RI as the additional premium cost will be offset by federal funds, shielding lower-income Rhode Islanders from premium increases.

Rhode Island legislators must begin embracing policy decisions aimed at stabilizing and supporting our State's hospitals, healthcare providers, and healthcare workers before it is too late. Representative Teresa A. Tanzi's Bill 2024-H 8072, does just that.

We implore you to support this bill.

Sincerely,



Joseph Matthews
Chairman of The Board
South County Health
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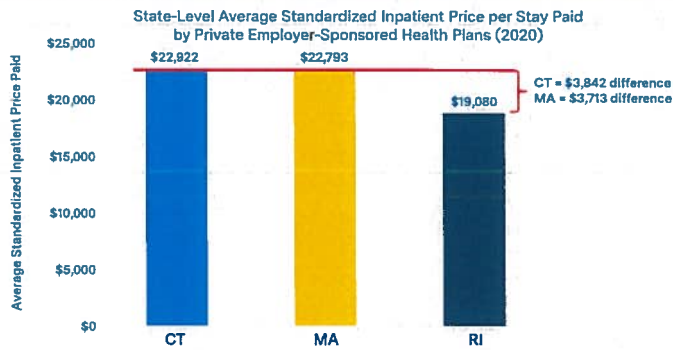
Aaron Robinson
President and CEO
South County Health
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TAKE ACTION. WRITE YOUR LEGISLATORS TODAY! BILLS S-2722 AND H-8072

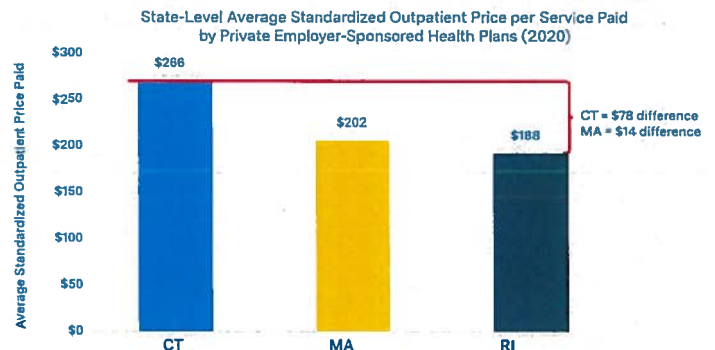
RATE DISPARITY WITH NEW ENGLAND AVERAGE

An independent study commissioned by BCBS of RI, Rhode Island Foundation, South County Health, Lifespan and Care New England found Rhode Island health systems, physicians, and advanced practice providers receive the **lowest private commercial reimbursement rates in all of New England.**

In 2020, RI inpatient expenditures for private, employer-sponsored health plans paid an average price that was approximately 17% lower than inpatient stays paid in CT and MA.

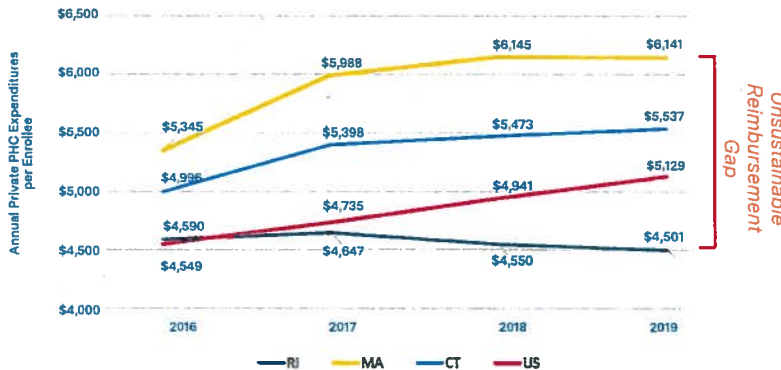


In 2020, RI outpatient expenditures for private, employer-sponsored health plans paid an average price that was approximately 29% and 7% lower than outpatient services paid in CT and MA.



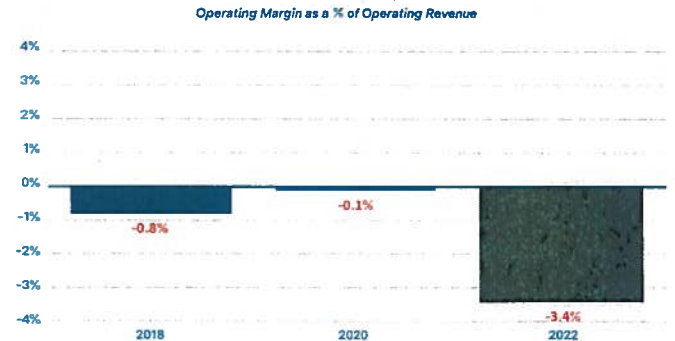
CMS — PRIVATE HEALTH CARE SPENDING PER ENROLLEE

While CT, MA, and US national average escalate, RI reimbursement goes down, widening the gap, crippling RI healthcare, while creating a two-tiered health system in New England.



RI HEALTH SYSTEMS ARE FINANCIALLY UNSUSTAINABLE

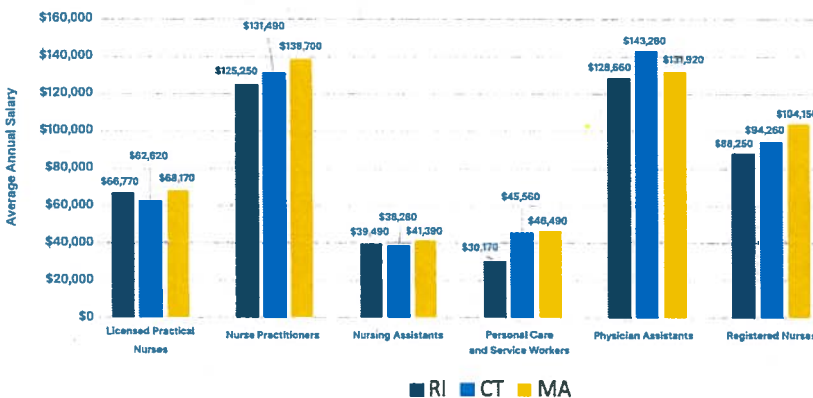
RI Total Statewide Health Systems' Operating Margin (FY 2018-2022)



RHODE ISLAND UNATTRACTIVE TO HEALTH CARE WORKERS

In RI, health care workers except for licensed practical nurses and nursing assistants are paid less than their peers in both CT and MA. Health care workers in MA received the highest salaries for all health care positions except for physician assistants, where CT pays about \$11,000 more per year.

Health Care Workforce Average Annual Salaries by Job Title (2022)



32%

OF ALL PHYSICIANS IN RI ARE AT RETIREMENT AGE

AAMC Association of American Medical Colleges

RI RANKS
47TH

OUT OF 50 IN RETAINING MEDICAL STUDENTS AFTER GRADUATION

LOWER REIMBURSEMENT HARMING RHODE ISLAND'S HOSPITALS, HEALTH SYSTEMS & PROVIDERS

**CHRONIC UNDERFUNDING IS DRIVING AN UNSUSTAINABLE HEALTHCARE SYSTEM IN RI,
CREATING A CRISIS IN HEALTHCARE ACCESS, AND UNDERMINING RHODE ISLAND'S #1 ECONOMIC DRIVER**

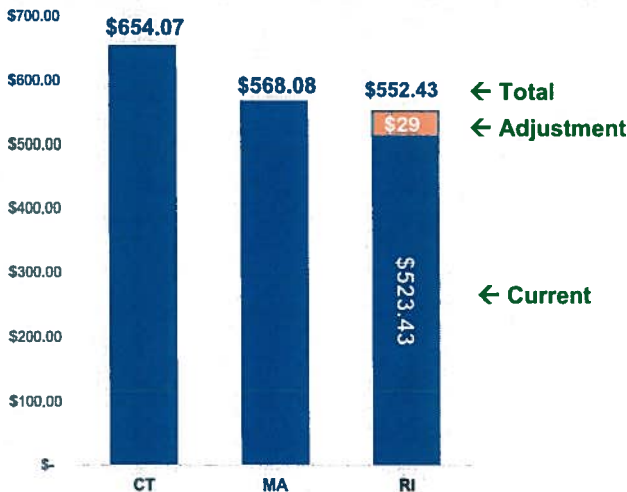
- Inability to access to primary care and specialty providers for Rhode Islanders.
- Crumbling infrastructure due to aged equipment and facilities below community standards.
- Poor recruitment and retention of physicians, advance practice providers and registered nurses.
- A severely distressed nursing and allied healthcare workforce that looks to neighboring states for opportunities.

HOSPITAL BANKRUPTCIES, ACQUISITIONS AND CLOSURES.

- Westerly Hospital (2011-2016) — *Out-of-State Control*
- Our Lady of Fatima Hospital & Roger Williams Medical Center (2009-2021) — *For Profit Control*
- Landmark Medical Center and Rehabilitation Center (2008-2013) — *For Profit Control*
- Memorial Hospital of Rhode Island (2016-2018) — *Permanent loss of ED, ICU, and delivery beds in a community that already suffers health inequalities*

BRIDGING THE GAP MODESTLY; NOT EXCESSIVELY

OHIC-calculated Total Market Premium per member per month (2021) adjusted for proposed annual increase.



MINIMUM IMPACT ON PREMIUM;
MAXIMUM IMPACT ON SUSTAINABILITY

\$6.6M*

STATE INVESTMENT PROVIDES
SIGNIFICANT STABILIZATION TO
ENTIRE HEALTHCARE DELIVERY SYSTEM
WITH INFUSION OF AN ADDITIONAL

\$167M

REVENUE
PER YEAR

*\$6.6M estimated annual contribution by the state of Rhode Island

RI'S HEALTHCARE SOLUTION BILLS S-2722 AND H-8072

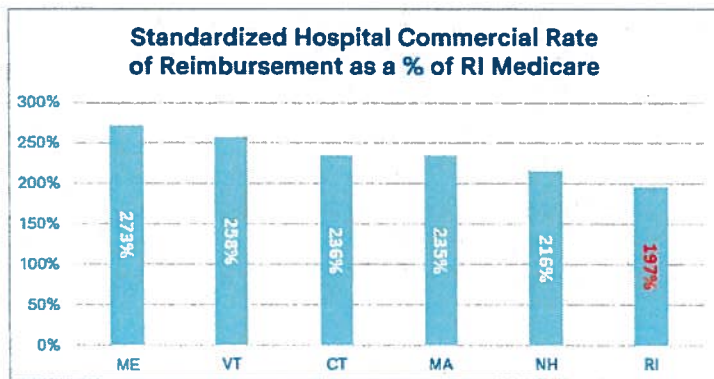
Senator V. Susan Sosnowski's Bill for the Rhode Island Office of the Health Insurance Commissioner Dual Mandate - 2024-S 2722 and Representative Teresa A. Tanzi's and House leaders' Bill 2024-H 8072 will help:

- 1) Implement an OHIC-imposed floor for commercial payment rates to expeditiously achieve New England market averages for physicians, advanced practice providers, and hospitals.
- 2) Ensure the adequacy of Rhode Island's healthcare workforce and sustainability of Rhode Island's hospitals.
- 3) Improve the accessibility, quality and equity of Rhode Island's entire healthcare delivery system.

LOWER REIMBURSEMENT HARMING RHODE ISLAND'S HEALTH SYSTEMS & PROVIDERS

**CHRONIC UNDERFUNDING IS DRIVING AN UNSUSTAINABLE HEALTHCARE SYSTEM IN RI,
CREATING A CRISIS IN HEALTHCARE ACCESS, AND UNDERMINING RHODE ISLAND'S #1 ECONOMIC DRIVER**

Rhode Island health systems, physicians, and advanced practice providers receive the **lowest private commercial and Medicare reimbursements rates in all of New England.**



This has harmed Rhode Island's #1 economic engine and caused:

- Hospital bankruptcies, acquisitions and closures.
- Aged equipment and facilities below community standards.
- Poor recruitment and retention of physicians, advance practice providers and registered nurses due to low compensation, while being ranked amongst the most expensive states to live in.
- A severely distressed healthcare workforce that looks to neighboring states for opportunities.
- Severely limited access to primary care and specialty providers.

RI HEALTHCARE SYSTEM BANKRUPTCIES AND CHANGES IN CONTROL

- Westerly Hospital (2011-2016) — *Out-of-State Control*
- Our Lady of Fatima Hospital & Roger Williams Medical Center (2009-2021) — *For Profit Control*
- Landmark Medical Center and Rehabilitation Center (2008-2013) — *For Profit Control*
- Memorial Hospital of Rhode Island (2016-2018) — *Permanent loss of ED, ICU, and delivery beds in a community that already suffers health inequalities*

All other New England states (outside of RI) realize the benefit of private commercial rates of reimbursement that are 24% higher than Rhode Island's for standardized hospital and outpatient services. However, data from *Kaiser State Health Facts* and *Becker's Healthcare* demonstrate there is virtually **no difference in adjusted expenses per hospital day in Rhode Island (\$3,010)** compared to the New England average (\$3,053).

This disparity is driven almost exclusively by the rate limiting policies of the **Office of the Health Insurance Commissioner (OHIC)**, that deprives the RI healthcare delivery system of **hundreds of millions of dollars of revenue annually**, which may have been reinvested in the delivery system for public health benefit.

SHOW YOUR SUPPORT

Join us — South County Health — in showing your support for Senator V. Susan Sosnowski's Bill for the Rhode Island Office of the Health Insurance Commissioner Dual Mandate - 2024-S 2722 and Representative Teresa A. Tanzi's and House leaders' Bill 2024-H 8072. This critical legislation will help:

- 1) Implement an OHIC-imposed floor for commercial payment rates to expeditiously achieve New England market averages for physicians, advanced practice providers, and hospitals.
- 2) Ensure the adequacy of Rhode Island's healthcare workforce and sustainability of Rhode Island's hospitals.
- 3) Improve the accessibility, quality and equity of Rhode Island's entire healthcare delivery system.

Learn more about these bills at

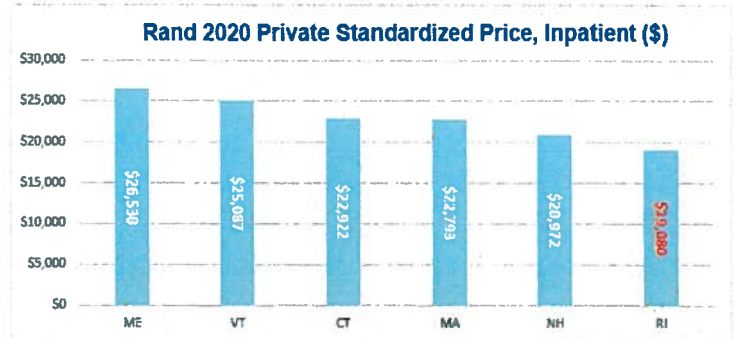
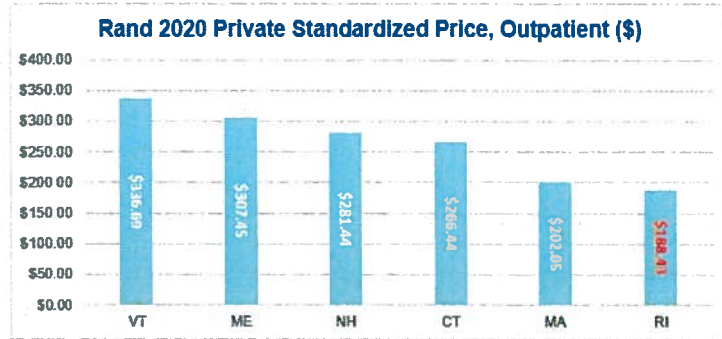
[SOUTHCOUNTYHEALTH.ORG/SUPPORT](https://southcountyhealth.org/support)

TAKE ACTION. WRITE YOUR LEGISLATORS TODAY!

SOUTHCOUNTYHEALTH.ORG/SUPPORT

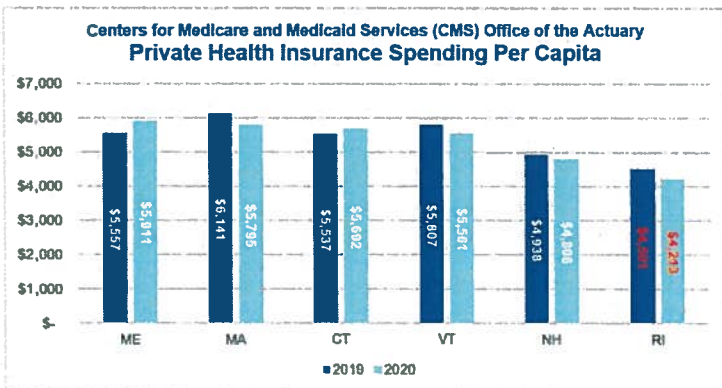
RATE DISPARITIES

A study released by Rand Corporation in 2022 shows private commercial reimbursement rate disparities in Rhode Island compared to neighboring New England states for standardized hospital and outpatient services.



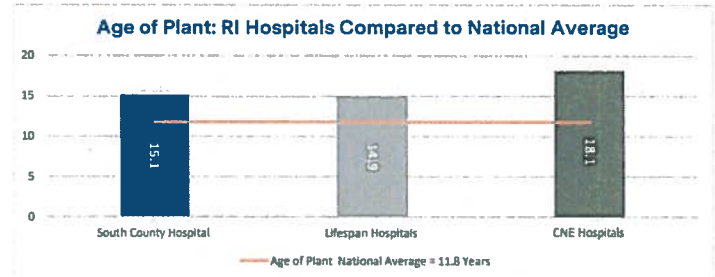
CMS — PRIVATE HEALTH INSURANCE SPENDING PER CAPITA

Centers for Medicare and Medicaid Services (CMS) Office of the Actuary identifies per capita private health insurance spending in Rhode Island as the lowest of all New England states.



AGE OF PLANT

Measure of the age and condition of hospital infrastructure

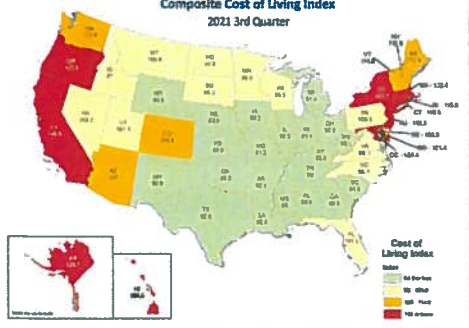


According to Healthcare Financial Management Association (HFMA), the median age of plant is approximately 11 years nationally. **Comparatively, RI hospitals range from an estimated 15 years to 20 years**, suggesting patients in RI are routinely treated using older equipment and in older facilities compared to national, industry standards. Studies have found a direct relationship with older ages of plant and poor CMS (Centers for Medicare and Medicaid Services) quality outcomes.

WHAT MAKES RHODE ISLAND UNATTRACTIVE FOR RECRUITMENT AND RETENTION?

HIGH COST OF LIVING

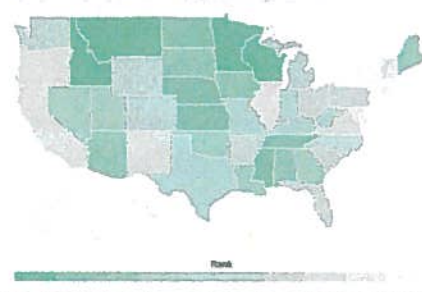
Composite Cost of Living Index
2021 3rd Quarter



Aggregating data on the essential cost of living, including the costs of utilities, housing, groceries, transportation, etc. by the Missouri Economic Research and Information Center (MERIC), has ranked the State of Rhode Island as having the **11th highest cost of living**.

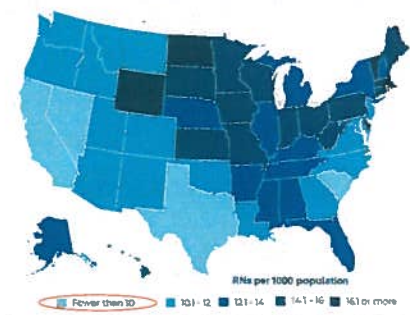
LOWEST REIMBURSEMENT FOR DOCTORS

The best and worst states for doctors



RI has been ranked as the worst state in the nation for physicians to practice medicine. The ranking by Healthcare Advisory Board, is based on starting salaries, annual wages, hospitals per capita, and equality of public hospital systems, among key performance indicators of a healthy delivery system.

LOW REIMBURSEMENT, HIGH NATIONAL VACANCY FOR NURSES



U.S. Bureau of Labor Statistics reported an estimated 84,000 nurses employed in MA compared to only 12,000 in RI, leaving MA with one of the highest ratios of nurses to residents and RI with one of the lowest. **RI-based nurses can expect to make at least 16% less per year than MA-based nurses**, where MA nurse compensation ranks third highest in the nation.