



March 31, 2026

The Honorable Louis P. DiPalma,
Chair
RI Senate Finance Committee
State House
Providence, Rhode Island 02903

Subject: Article 11 - Affordability Provisions (Pharmacy Benefit Managers and Health Spending Accountability)

Dear Chairman DiPalma and Members of the Committee:

On behalf of the Rhode Island Business Group on Health (RIBGH), I am writing to express support for the affordability provisions contained in the Governor's budget, particularly those addressing **Pharmacy Benefit Manager transparency** and the establishment of a **Health Spending Accountability and Transparency Program**.

Rhode Island employers continue to face significant challenges related to the rising cost of health insurance. For many businesses, health care has become one of the fastest-growing operating expenses and an increasingly important factor affecting the state's economic competitiveness and its ability to retain and attract employers.

Pharmacy Benefit Manager Transparency

The provisions addressing Pharmacy Benefit Managers represent an important step toward improving transparency in the prescription drug supply chain. By requiring PBMs to submit annual transparency reports to the Office of the Health Insurance Commissioner, policymakers and purchasers will gain greater visibility into rebate arrangements and other financial flows within the pharmaceutical market.

For employers purchasing health coverage for their workforce, prescription drugs represent one of the fastest-growing components of health insurance premiums. Greater transparency into PBM practices will help policymakers and purchasers better understand how these costs are generated and where opportunities may exist to improve efficiency.

Health Spending Accountability and Transparency

The proposed Health Spending Accountability and Transparency Program is an important step toward improving the state's understanding of overall health care spending trends and promoting shared responsibility for managing cost growth.

The program is intended to:

- Increase transparency regarding health care spending and its primary drivers
- Create shared accountability among insurers, providers, and government for cost growth
- Reduce the impact of rising health care costs on Rhode Island residents, businesses, and public programs

These goals are strongly aligned with the work RIBGH has undertaken to better understand the drivers of commercial health insurance premiums in Rhode Island.

An Important Step - But Not Sufficient on Its Own

While these provisions represent meaningful progress, transparency and accountability alone will not solve the affordability challenge if the underlying fee-for-service payment system remains unchanged. Fee-for-service payment rewards higher utilization rather than efficiency and value, creating structural pressure that drives health care spending and insurance premiums upward.

For this reason, these transparency efforts should also help document the need for broader payment reform. Rhode Island has recently been selected to participate in the federal AHEAD program, which encourages hospitals to move toward global budgeting. Global budgeting is a payment model designed to align hospital operations with predictable spending growth and more affordable health insurance premiums.

Full participation by Rhode Island hospitals in this model would represent an important step toward aligning the incentives of the health care delivery system with the affordability goals shared by employers, consumers, and policymakers.

Conclusion

The provisions under consideration are constructive steps toward a more transparent and accountable health care system. RIBGH supports these efforts and looks forward to working with policymakers and stakeholders as Rhode Island continues the broader work needed to ensure that health care remains affordable for the state's employers, workers, and families.

Sincerely,



Albert D. Charbonneau
Executive Director