# Working Group for Healthcare Innovation

http://www.governor.ri.gov/initiatives/healthcare/

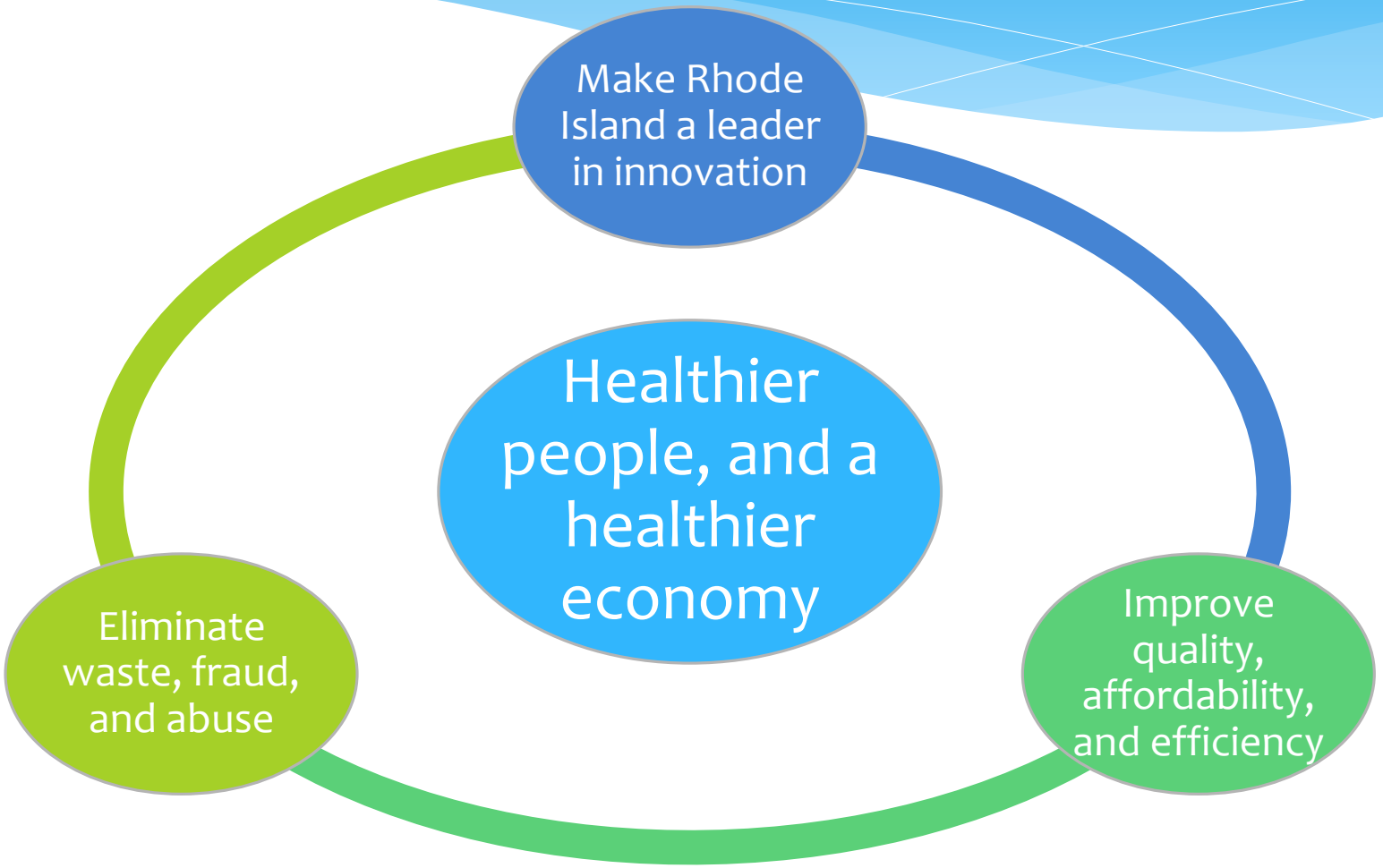
Meeting #2

October 7, 2015

# Agenda

| | |
|---|---|
| Welcome & Updates | Elizabeth Roberts<br>Secretary, EOHHS |
| Presentation on Rhode Island's Total Cost of Care | • Dr. Kathleen Hittner<br>Health Insurance Commissioner<br><br>• Wakely Consulting |
| Working Group discussion | - |
| Public Comment | - |

# Reminder: Why we're here



# Reminder: Our goals

**Working Group goals**

- Establish a global health spending target
- Tie healthcare payments to quality
- Ensure all Rhode Islanders have access to the care they need
- Improve health IT
- Improve the health of Rhode Islanders
- Reduce waste and overcapacity

# Reminder: Our Tools

| | Tools |
|---|---|
| **Studies** | * Total cost of care study<br>* Behavioral health study<br>* Hospital capacity study |
| **Data sources** | * All-payor claims database<br>* Hospital discharge database<br>* Medicaid data |
| **Public input** | * Provider Advisory Group<br>* Other expert advice<br>* Public comments |

For discussion today

Available from our website (http://governor.ri.gov/initiatives/healthcare/)

# Questions to answer (1 of 2)

**Is a health spending cap right for Rhode Island?**

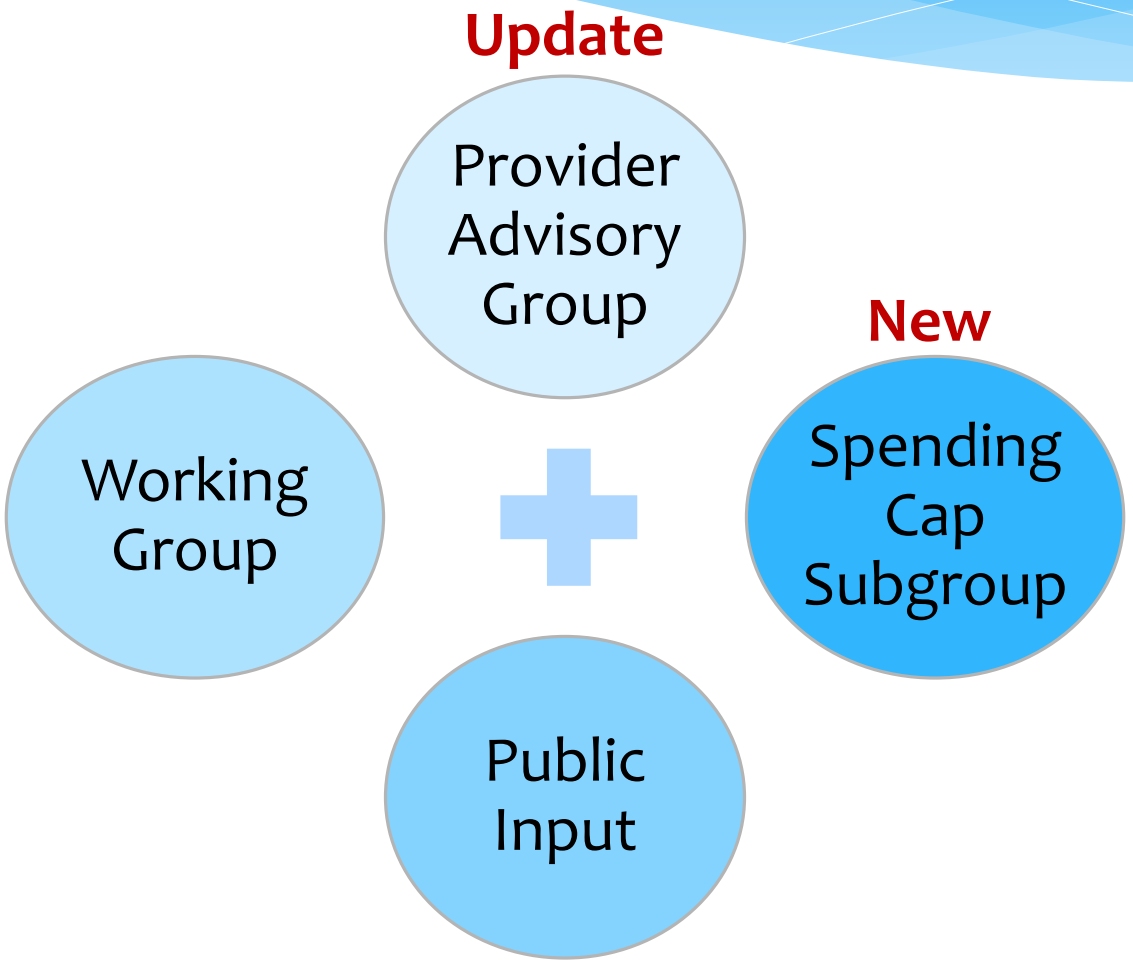
| Design considerations | Possibilities |
| --- | --- |
| * What services should fall within the cap? | * All healthcare services statewide<br>* All insured services<br>* Hospital services only |
| * What should the cap's target be?<br>  * Should we phase-in the cap? | * Historical healthcare growth rate (~5%)<br>* Growth of the state's economy (~3.5%)<br>* Inflation (~2%) |
| * How will we enforce a cap? | * "Soft cap" with no direct enforcement<br>* Require excessive increases to be justified in a performance improvement plan<br>* Monitor payors and providers who exceed the cap<br>* Directly regulate rates or budgets to ensure compliance |

# Questions to answer (2 of 2)

**Is a health spending cap right for Rhode Island?**

| Design considerations | Possibilities |
| --- | --- |
| * How will we help the system fall within the cap? | * Encourage rapid shift to capitation and Accountable Entity models<br>* Improve interoperability and use of health IT<br>* Encourage all plans assign members to a PCP |
| * How else can the state help make a cap a success? | * Expand DOH's Center for Health Data and Analysis to examine evidence-based methods of reducing health trends<br>* Hold annual cost trend hearings<br>* Ensure providers are maximizing scope of practice<br>* Improve price transparency for consumers<br>* Reduce waste and overcapacity |

# The Process


Update
Provider Advisory Group
New
Spending Cap Subgroup
Working Group
Public Input

# Provider Advisory Group

* The Provider Advisory Group held its first meeting at the end of September, introducing members to the goals of the Working Group
* At the end of the October, the Group will meet again to discuss the state's population health goals and ways to pay for value in the health system

# Spending Cap Subgroup

* We wanted more opportunity to get input from the Working Group and discuss the specifics of a Spending Cap proposal
* All members of the Working Group are welcome, and the meetings will be public meetings

# Subgroup agenda

* Agenda still in flux. We want to make sure we're discussing the most important issues
  * **October 13**: Spending cap decision points
  * **October 27**: Enforcement mechanisms
  * **November 10**: Review early spending cap proposal
  * **November 17:** Other key health reform goals (payment reform, price transparency, health information technology)

# Upcoming meetings

**Spending Cap Subgroup**

- 7:30-8:30am, October 13, October 27, November 10, and November 17 at the State House

**Public Listening Sessions**

- 6:00 – 7:30pm, October 13 at Juanita Sanchez Educational Complex, Providence

# Working Group Timeline

**Working Group meetings**

- **October 7, 2015:** Healthcare trends in Rhode Island
- **November 4, 2015:** Paying for value, not volume
- **December 1, 2015:** Recommendations on a spending cap

# Update from Massachusetts

**In a setback for Mass., health care costs spike in state**

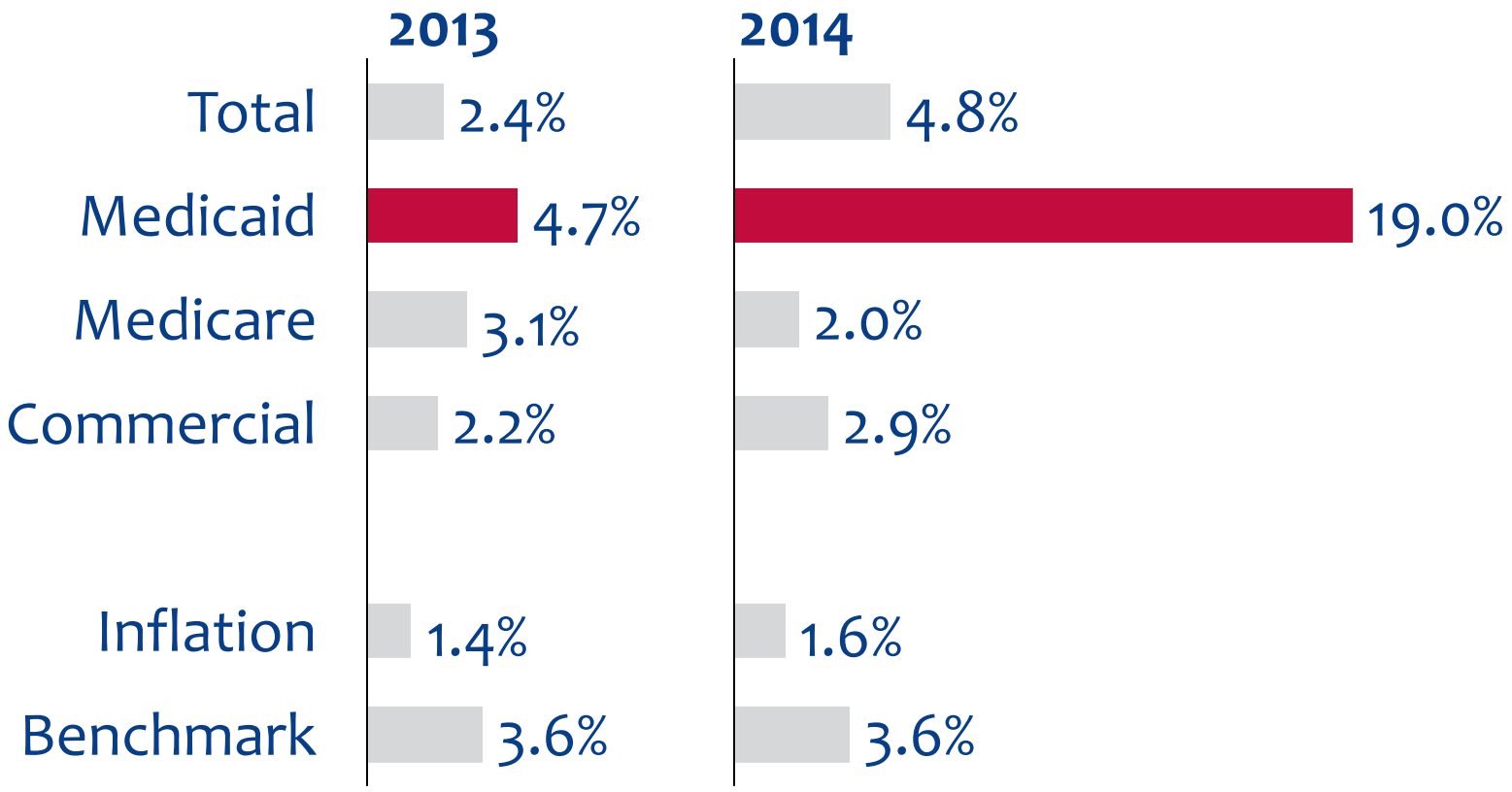
4.8% rise tied to plan for poor, drug prices

* Massachusetts was the first state in the country to implement a statewide health spending cap, which began in 2013
* The Massachusetts cap was set at 3.6%
* In 2013, health spending increased as 2.4%, safely below the cap
* In 2014, health spending increased 4.8%, more than the cap

# What happened?

**Massachusetts health care spending**

Percent change from previous year




[Source: Boston Globe]

# What happened?

* Massachusetts Medicaid increased by **19%**
  * Part of the increase was due to the Affordable Care Act's Medicaid expansion
  * In addition, Massachusetts's exchange crashed in 2014 and state officials were forced to temporarily enroll 300,000 residents in Medicaid, regardless of income
  * The state budget this year plans for a 6% Medicaid increase
* Some of the other increase was due to rising prices for certain pharmaceuticals (e.g., Sovaldi for Hep C)

# What happened?

* The Massachusetts Health Policy Commission is examining data now and will decide what, if any, action needs to be taken
* The other sections of the Massachusetts health care market remained below the 3.6% cap
* Even the commercial market – typically the driver of cost growth – grew only 2.9%

# Questions?

# Health Care Cost Trends in Rhode Island

KATHLEEN C. HITTNER, MD.

HEALTH INSURANCE COMMISSIONER

OCTOBER 7TH, 2015

# Agenda

- Introductory Remarks
- Presentation of Preliminary Findings from RI's Total Cost of Care Study
- Working Group Discussion
- Public Comment

# The Health Care Cost Problem

The level and growth of health care costs is an economic issue for businesses, families, and individuals.

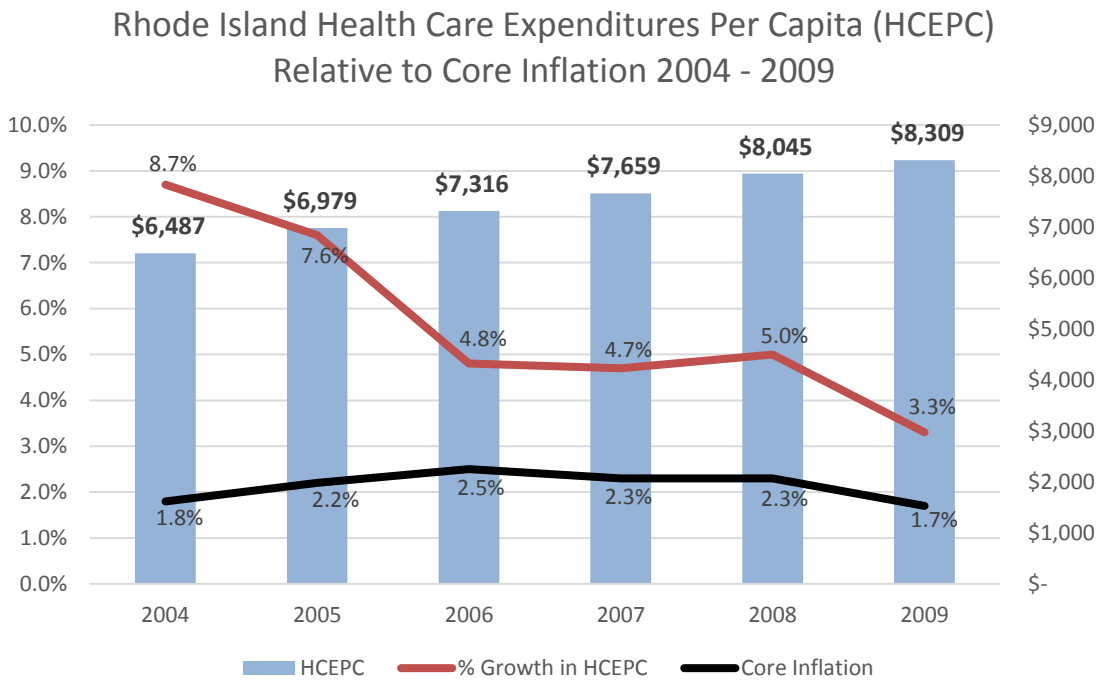
☐ Private

- Recent rate approvals for insured commercial plans include average medical trends of 4.6%. The cost of medical care is the **key driver of premiums**.
- Health care costs are an increasing burden on businesses of all sizes.
- To moderate premium increases consumers have assumed unprecedented levels of cost sharing.

☐ Public

- Medicaid continues to consume a significant share of the state's budget, potentially crowding out investments in infrastructure, education, and other social programs.

# The Health Care Cost Problem




**Sources:**

1. Centers for Medicare & Medicaid Services, Office of the Actuary, National Health Statistics Group. National Health Expenditure Data: Health Expenditures by State of Residence, December 2011.
2. Bureau of Labor Statistics. Consumer Price Index – All Urban Consumers (All items less food & energy) 12-Month Percentage Change: Series ID: CUUR0000SA0L1E

# What is Rhode Island Doing to Address Cost?

| | |
|---|---|
| Paying for Value, Not Volume | Initiatives to align health care payment with incentives for efficiency and quality of care. |
| Transforming the Delivery System | Initiatives to foster a delivery system capable of managing population health and total cost of care. |
| Outreach & Engagement | Convening stakeholders to build consensus around solutions to health care issues facing Rhode Island. |

# Rhode Island Total Cost of Care Report

## Legislative Requirement

- In 2013, the General Assembly amended RIGL 23-81-4 to require the Health Care Planning and Accountability Advisory Council (co-chaired by EOHHS and OHIC), in consultation with the Office of the Health Insurance Commissioner, to **review health system total cost drivers**.

## Objectives for the Report

- The "Total Cost of Care" report will provide the first all-payer estimates of per capita cost of care and analyses of key drivers.
- The information can be used to identify areas of attention for policymakers and interested stakeholders.

# Analysis of Rhode Island Healthcare Cost Trends

**October 7, 2015**

Steve Wessling, FSA, MAAA
Consulting Actuary

Mary Hegemann, FSA, MAAA
Director & Senior Consulting Actuary

# Contents


- Introduction
- High level trends by payer type
- Commercial trend overview
- Commercial trend drill-down
- Commercial regional comparison
- Questions
- Appendices

# Introduction

# Background

- The Rhode Island Office of the Health Insurance Commissioner (OHIC) contracted with Wakely Consulting Group (Wakely) to perform a total cost of care analysis for Rhode Island residents to support the work of the Health Care Planning and Accountability Advisory Council (HCPAAC), which is chaired by the Commissioner of OHIC and the Secretary of the Executive Office of Health and Human Services (EOHHS)
- Key project objectives are to
  - Understand total cost of care and cost drivers to inform initiatives to improve health care system efficiency, quality and access
  - Provide a baseline for a statewide health plan by providing an approach for defining and calculating health spending
- Final analysis and report will be presented to the HCPAAC in November

# Data Sources / Reliance

- Wakely relied on the following data sources to perform our analyses; data was reviewed for reasonableness but was not audited by Wakely

| Payer Type | Rhode Island Data Source | Regional Comparison Data Source |
|---|---|---|
| Commercial (all markets including employer self-funded) | RTI – PCMH data | Truven MarketScan database[1] |
| Medicaid (FFS and Managed Care) | RTI – PCMH data and FFS data | N/A |
| Medicare FFS | CMS Limited Data Set (LDS) | LDS[2] |
| Medicare Advantage Plans (MA) | RTI – PCMH data | N/A |
| Medicare Supplement (Employer and Medigap) | Not available | N/A |
| Medicare Part D (stand-alone PDPs) | Not available | N/A |

[1] MarketScan includes detailed claim and enrollment data from a sample that is nationally representative of commercially insured lives, primarily large group. The data we used in this study reflects over 2 million New England lives and approx. 70 million member months between 2011 and 2013.

[2] LDS used for analysis and then calibrated to 100% of CMS FFS.

Note: Data for stand-alone dental and vision plans are not included in the analysis

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# Methodology

- A standardized consistent approach for all data was used to categorize health care costs
  - Medical claims were categorized into general and detailed categories of service
  - Utilization metrics were derived specific to the category of service
    - Days and Admits for Inpatient Facility
    - Hierarchical approach (Visits) for OP Surgery, OP ER, and Observation
    - Procedures for Ancillary and Professional services
    - Scripts and days for Pharmacy
  - To separate the intensity portion of the unit cost, DRG and RVU weights were used
  - Supplemental data for sub-capitated services was requested and received from the payers[1]

[1] There are several subcaptiated arrangements that Wakely is still working with the carriers to include in the study.

# Disclosures

- Trends reported in this presentation are observed, unadjusted trends
- Medicaid fee for service (FFS) claims are still being evaluated and are not included in this analysis. As such, the Managed Care costs represented in this presentation are not indicative of the true total cost of care for the Medicaid program. Important services not included in the managed care claims are:
  - Nursing homes services, services for the developmentally disabled and children with special health care needs, mental health and developmentally disabled group homes, NICU, behavioral health services for SPMI, and others
- Numbers are preliminary and subject to change as Wakely completes its analysis for the HCPAAC
- Commercial, Medicare Advantage and Medicaid Managed Care claims totals were validated by the carriers. In some cases, data provided directly by the carriers was used to supplement the RTI provided data
- Any population or type of coverage not explicitly mentioned can be assumed to be excluded from this analysis
  - For example, this analysis does not consider uncompensated care for the uninsured, military health care expenses, or stand-alone dental/vison
- If distributed, the slides should be distributed in their entirety

# Key Questions

1. What is the overall change in cost year-over-year in total, by service category and by population?

2. What are the drivers of change?
   - Unit cost
   - Utilization
   - Mix of services
   - Population mix

3. How do RI's costs compare regionally based on available benchmarks?

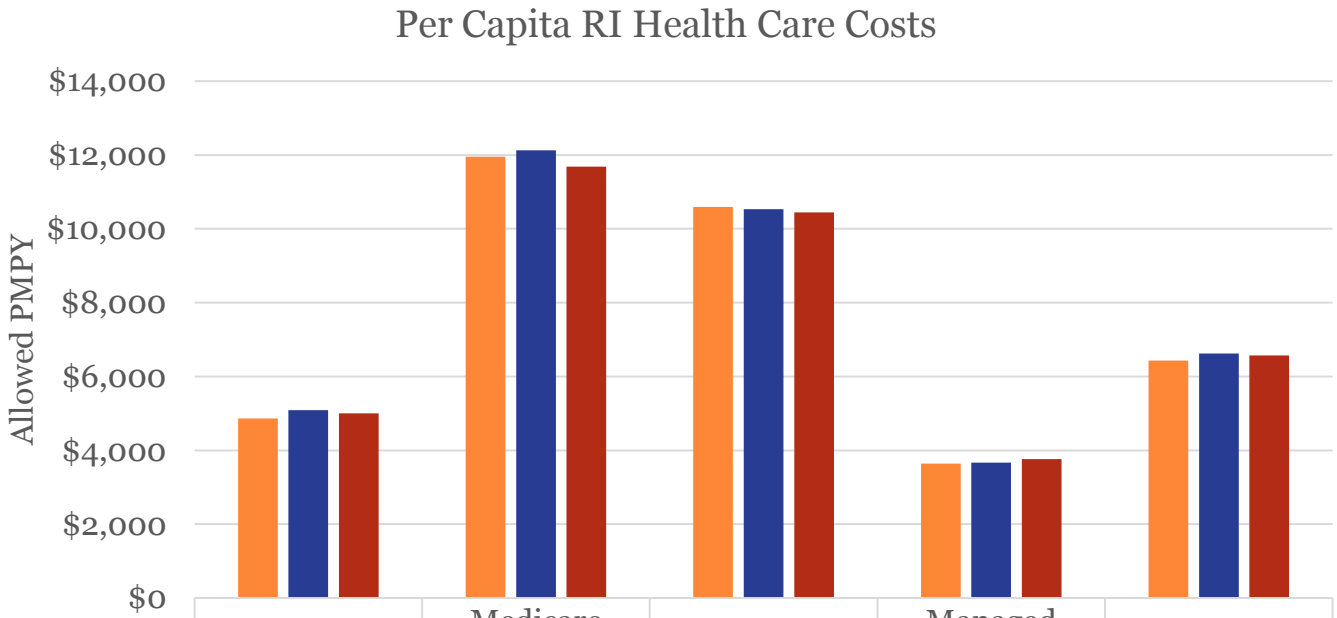
# Definitions

- Per Member Per Year (PMPY): The per capita expenses[1]
- Paid: The amount paid to the provider by the Managed Care Organization (MCO) or Fee-for-Service (FFS)
- Allowed: Paid by Carrier + Member Cost Sharing
- Average Length of Stay (ALOS)
- Utilization / k: Average annualized utilization per 1,000 members
- Unit Cost: Allowed Cost / Unit
- Trend: The year over year % change in a metric (PMPY, Utilization, Unit Cost). In this exhibit, average trends represent the average annualized trend from 2011 to 2013.
- Components of Trend:
  - PMPY Trend = Unit Cost Trend x Utilization Trend
  - Unit Cost Trend = Intensity x [Price Inflation & Provider Mix]

[1] PMPY= [Unit Cost] x [Utilization / k ] x 1,000

# High Level Trends by Payer Type

# Health Care Costs by Population - Total




| | Commercial | Medicare Advantage | Medicare FFS | Managed Medicaid | Total |
|---|---|---|---|---|---|
| 2011 | $4,862 | $11,951 | $10,596 | $3,645 | $6,429 |
| 2012 | $5,087 | $12,123 | $10,529 | $3,670 | $6,623 |
| 2013 | $5,000 | $11,688 | $10,447 | $3,764 | $6,568 |

- Medicare FFS does <u>not include</u> Part D prescription drug expenses
- Medicare Advantage includes Part D prescription drug expenses

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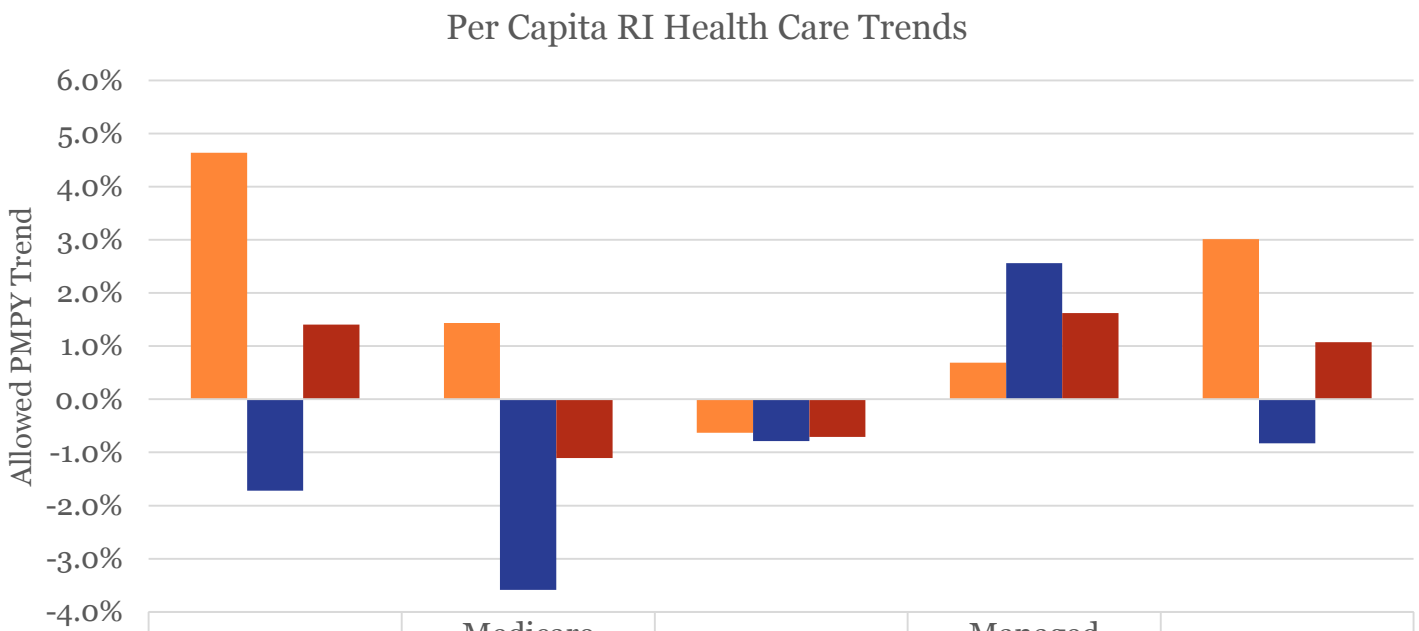
# Health Care Costs by Population - Total




| | Commercial | Medicare Advantage | Medicare FFS | Managed Medicaid | Total |
|---|---|---|---|---|---|
| 2012 | 4.6% | 1.4% | -0.6% | 0.7% | 3.0% |
| 2013 | -1.7% | -3.6% | -0.8% | 2.6% | -0.8% |
| Avg | 1.4% | -1.1% | -0.7% | 1.6% | 1.1% |

- Between 2011 and 2013, per capita trends were relatively low in Rhode Island across populations
- Medicare FFS does not include Part D prescription drug expenses

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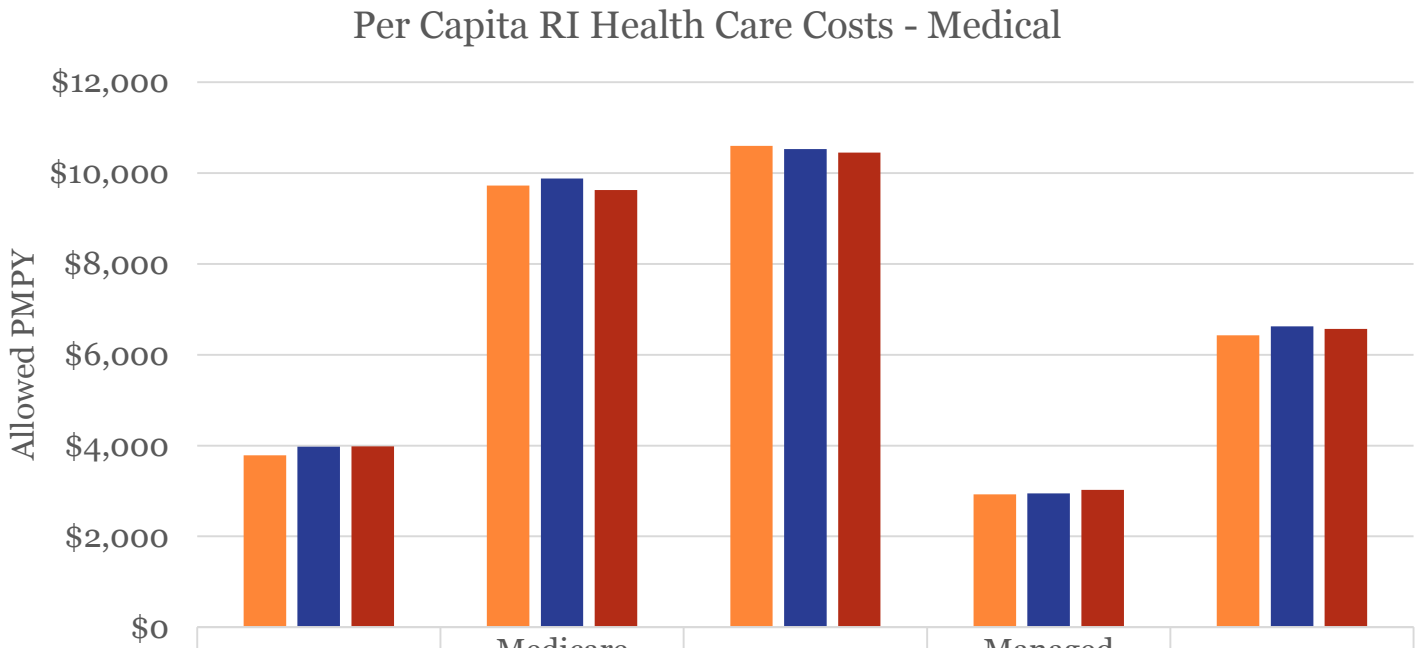
# Health Care Costs by Population - Medical




| | Commercial | Medicare Advantage | Medicare FFS | Managed Medicaid | Total |
|---|---|---|---|---|---|
| 2011 | $3,786 | $9,722 | $10,596 | $2,923 | $6,429 |
| 2012 | $3,977 | $9,881 | $10,529 | $2,944 | $6,623 |
| 2013 | $3,983 | $9,627 | $10,447 | $3,027 | $6,568 |

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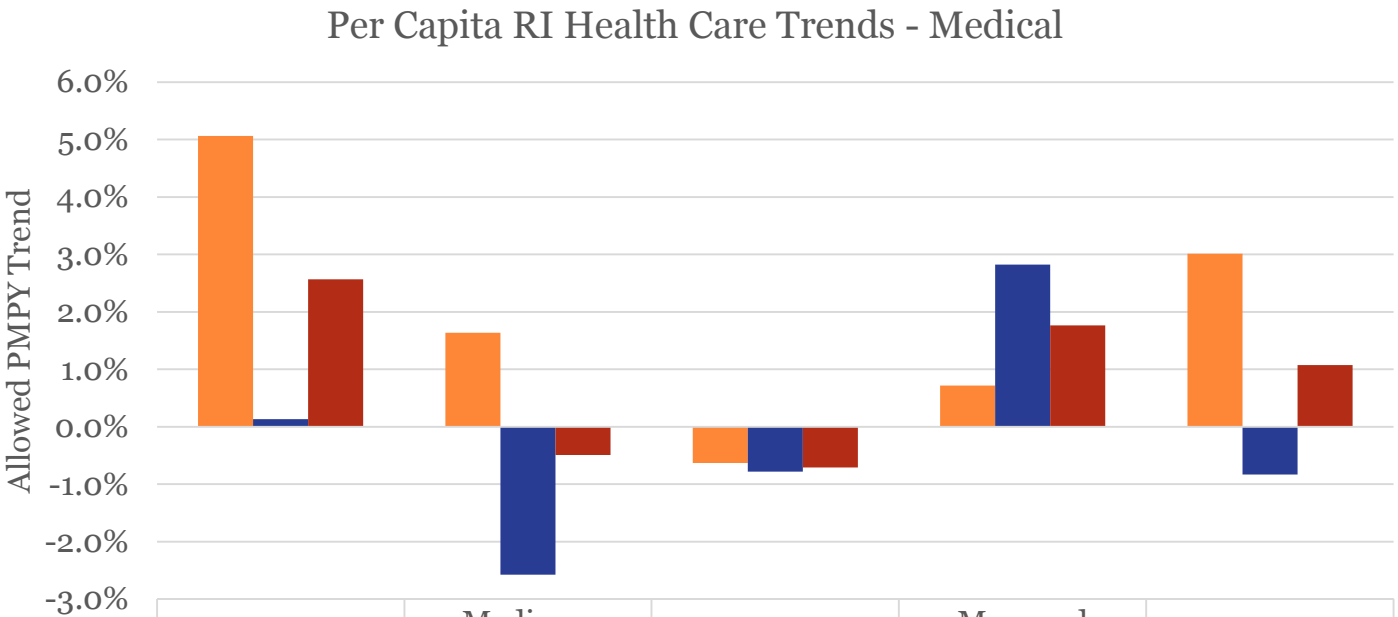
# Health Care Costs by Population - Medical




| | Commercial | Medicare Advantage | Medicare FFS | Managed Medicaid | Total |
|---|---|---|---|---|---|
| 2012 | 5.1% | 1.6% | -0.6% | 0.7% | 3.0% |
| 2013 | 0.1% | -2.6% | -0.8% | 2.8% | -0.8% |
| Avg | 2.6% | -0.5% | -0.7% | 1.8% | 1.1% |

- Between 2011 and 2013, per capita trends were generally low in Rhode Island across populations

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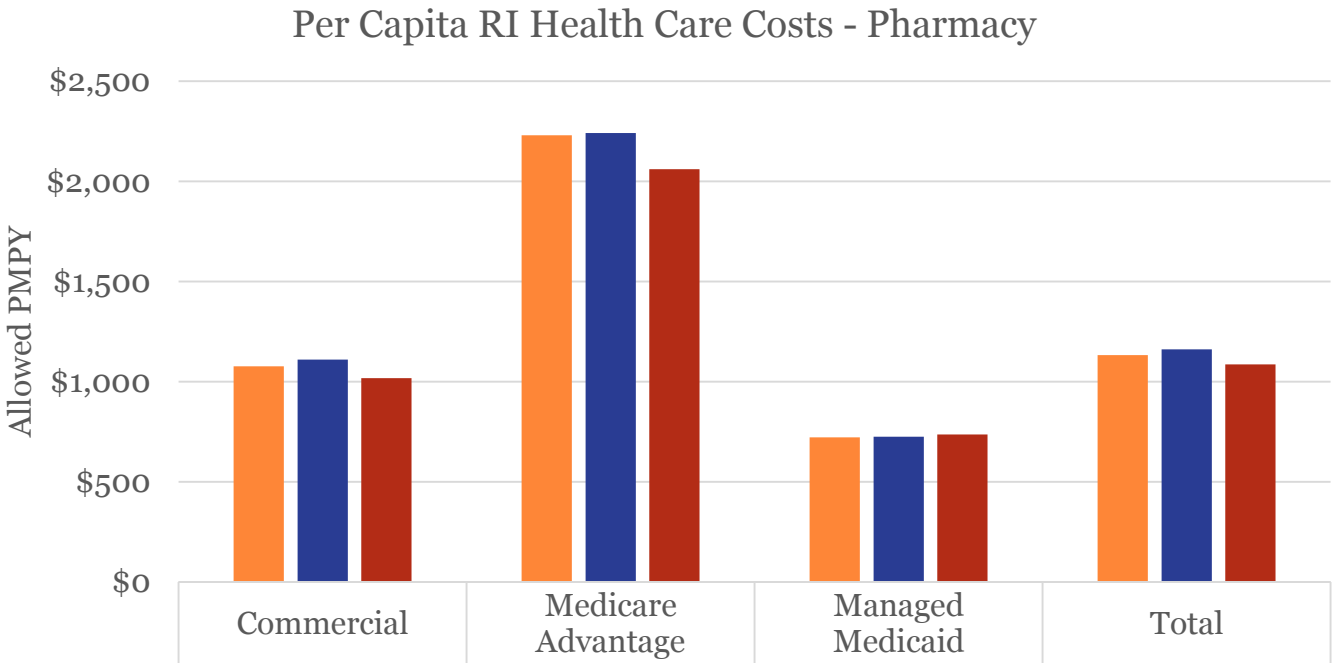
# Health Care Costs by Population - Pharmacy




| | Commercial | Medicare Advantage | Managed Medicaid | Total |
|---|---|---|---|---|
| 2011 | $1,076 | $2,229 | $722 | $1,132 |
| 2012 | $1,110 | $2,241 | $726 | $1,161 |
| 2013 | $1,017 | $2,061 | $737 | $1,086 |

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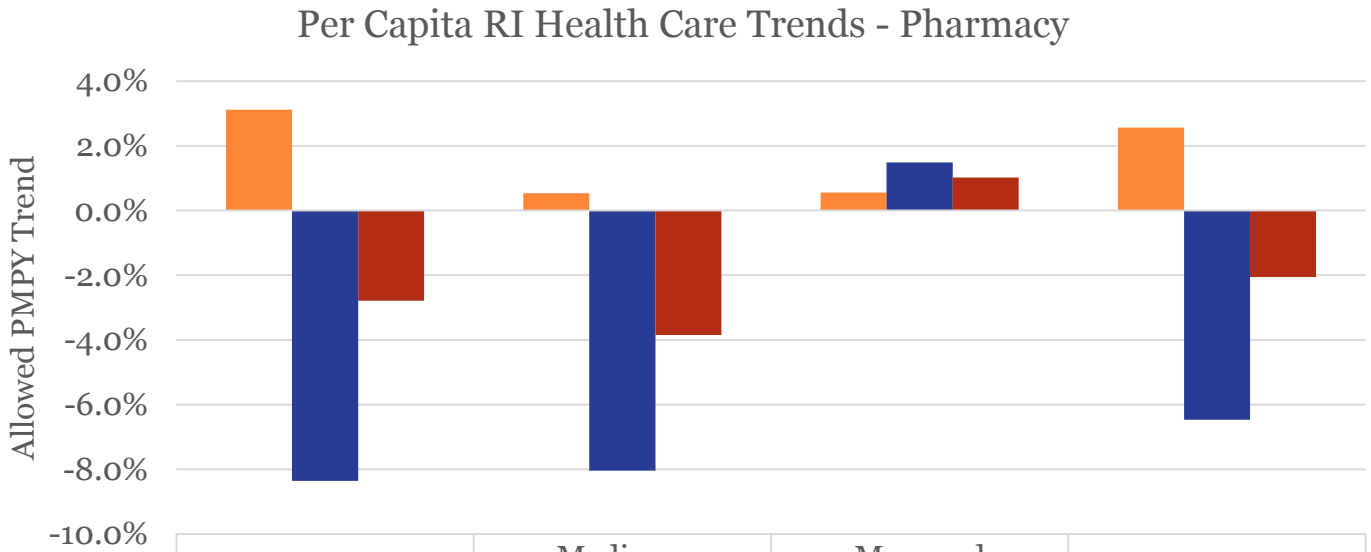
# Health Care Costs by Population - Pharmacy




| | Commercial | Medicare Advantage | Managed Medicaid | Total |
|---|---|---|---|---|
| 2012 | 3.1% | 0.5% | 0.6% | 2.6% |
| 2013 | -8.4% | -8.0% | 1.5% | -6.5% |
| Avg | -2.8% | -3.8% | 1.0% | -2.1% |

- Very low trends in 2013 in Commercial and Medicare Advantage driven by changes in generic contracting

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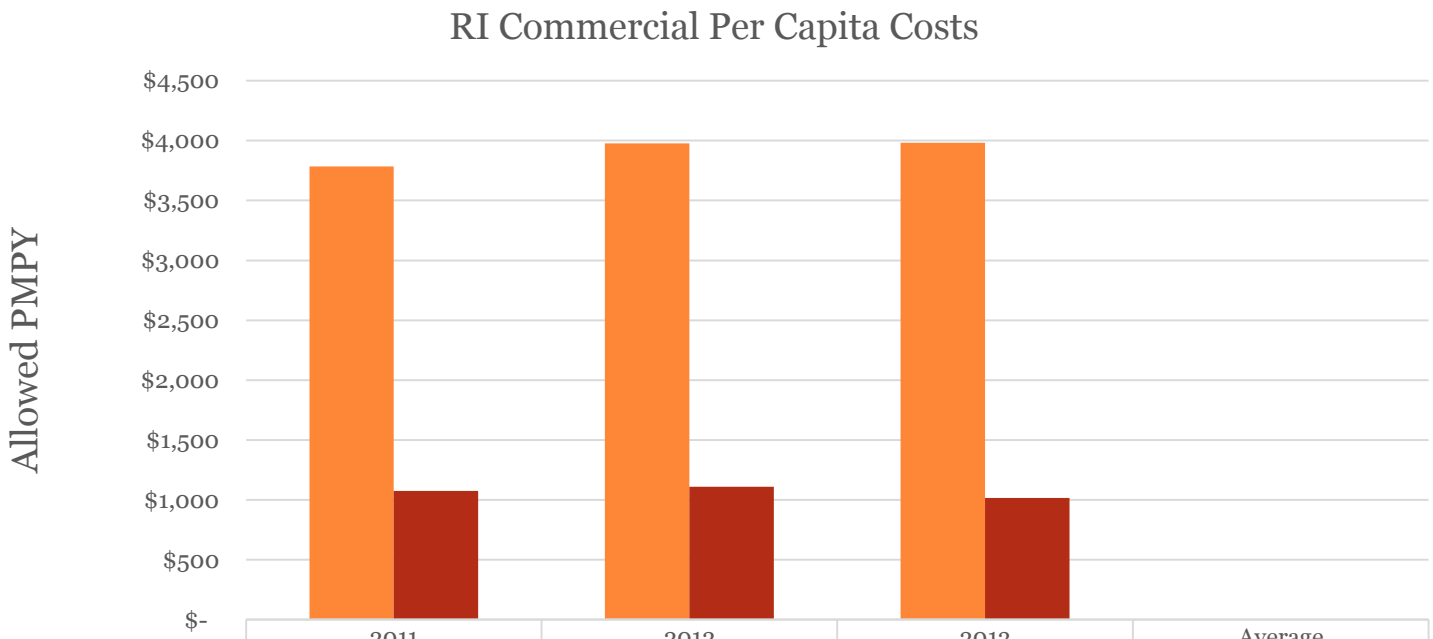
# Commercial Trend Overview

# RI Commercial Costs




| | 2011 | 2012 | 2013 | Average |
|---|---|---|---|---|
| Medical Allowed | $3,786 | $3,977 | $3,983 | |
| Pharmacy Allowed | $1,076 | $1,110 | $1,017 | |
| Total Trend | | 4.6% | -1.7% | 1.4% |
| Medical Trend | | 5.1% | 0.1% | 2.6% |
| Pharmacy Trend | | 3.1% | -8.4% | -2.8% |

- Between 2011 and 2013, per capita trends were generally low in Rhode Island across populations

# Key Findings - Commercial

- Relatively low commercial trends in RI from 2011 to 2013 driven by
  - Low pharmacy cost trends, heavily driven by generic contract changes
  - Low inpatient facility utilization trends
  - Low utilization and cost trends for professional services
- RI experienced lower medical trends than other New England states
- Low pharmacy trends are not expected to continue

# Relationship to Rate Changes

- Trends in total cost of care (TCOC) will vary with trends in health insurance rates for multiple reasons, including
  - TCOC trends are actual, historical changes; whereas rate changes are prospective, based on assumptions such as claims trend and population changes
  - TCOC trends are based on claims expenses covered by both the insurer and the member; whereas rate changes reflect only the insurer's portion of the claims expense
  - Rate changes include changes in administrative expenses, taxes, fees and other non-benefit expenses; these are not reflected in TCOC trends

# Commercial Trend Drill Down - Medical

# RI Commercial Costs - Total

| Rhode Island Commerical<br>Allowed PMPY by Major Service Category | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | PMPY | | | PMPY Trend | | | PMPY Trend Impact | | |
| | 2011 | 2012 | 2013 | 2012 | 2013 | Avg | 2012 | 2013 | Avg |
| Inpatient Facility | $ 912 | $ 1,007 | $ 972 | 10.4% | -3.4% | 3.3% | 2.4% | -0.9% | 0.8% |
| Outpatient Facility | $ 990 | $ 1,060 | $ 1,105 | 7.1% | 4.2% | 5.7% | 1.8% | 1.1% | 1.5% |
| Ancillary | $ 108 | $ 114 | $ 116 | 5.5% | 1.7% | 3.6% | 0.1% | 0.0% | 0.1% |
| Professional | $ 1,430 | $ 1,470 | $ 1,493 | 2.8% | 1.5% | 2.2% | 1.0% | 0.6% | 0.8% |
| Other | $ 346 | $ 326 | $ 296 | -5.9% | -9.0% | -7.4% | -0.5% | -0.7% | -0.6% |
| Total | $ 3,786 | $ 3,977 | $ 3,983 | 5.1% | 0.1% | 2.6% | 5.0% | 0.1% | 2.5% |

- PMPY Trend Impact depicts how much the category moves trend
  - Red / Blue indicates the category is increasing / decreasing overall trend
  - The darker the shading the more the category is affecting overall trend
  - The % indicates "how much" for example, of the 5% trend in 2012, most of it (2.4%) was Inpatient Facility (IP). Said another way, if everything other than IP was flat from 2011 to 2012, the total trend would have been 2.4%
- Other represents the difference between total detailed claims provided by RTI and control totals provided by the carriers.
- Details on inpatient and outpatient facility trend drivers follow.

# RI Commercial Costs – Inpatient Facility

**Rhode Island Commerical**
**IP Allowed PMPY, Utilization & Unit Cost**

| | PMPY | | | PMPY Trend | | | PMPY Trend Impact | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2011 | 2012 | 2013 | 2012 | 2013 | Avg | 2012 | 2013 | Avg |
| Med/Surg | $ 662 | $ 733 | $ 689 | 10.7% | -6.0% | 2.0% | 1.8% | -1.1% | 0.3% |
| Maternity | $ 154 | $ 182 | $ 186 | 18.5% | 2.3% | 10.1% | 0.7% | 0.1% | 0.4% |
| SNF | $ 26 | $ 20 | $ 19 | -25.2% | -3.3% | -15.0% | -0.2% | 0.0% | -0.1% |
| MHCD | $ 70 | $ 72 | $ 78 | 2.9% | 8.4% | 5.6% | 0.1% | 0.2% | 0.1% |
| Inpatient Facility | $ 912 | $ 1,007 | $ 972 | 10.4% | -3.4% | 3.3% | 2.4% | -0.9% | 0.8% |

| | Utilization / K | | | Utilization Trend | | | Utilization Trend Impact | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2011 | 2012 | 2013 | 2012 | 2013 | Avg | 2012 | 2013 | Avg |
| Med/Surg | 43.46 | 42.58 | 41.71 | -2.0% | -2.0% | -2.0% | -0.4% | -0.4% | -0.4% |
| Maternity | 15.27 | 16.25 | 17.64 | 6.4% | 8.6% | 7.5% | 0.3% | 0.4% | 0.3% |
| SNF | 4.95 | 4.00 | 4.07 | -19.3% | 1.8% | -9.4% | -0.1% | 0.0% | -0.1% |
| MHCD | 8.11 | 9.38 | 9.33 | 15.7% | -0.5% | 7.3% | 0.2% | 0.0% | 0.1% |
| Inpatient Facility | 71.79 | 72.20 | 72.74 | 0.6% | 0.8% | 0.7% | 0.0% | 0.0% | 0.0% |

| | Unit Cost | | | Unit Cost Trend | | | Unit Cost Trend Impact | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2011 | 2012 | 2013 | 2012 | 2013 | Avg | 2012 | 2013 | Avg |
| Med/Surg | $ 15,235 | $ 17,216 | $ 16,524 | 13.0% | -4.0% | 4.1% | 2.2% | -0.7% | 0.7% |
| Maternity | $ 10,056 | $ 11,205 | $ 10,552 | 11.4% | -5.8% | 2.4% | 0.4% | -0.3% | 0.1% |
| SNF | $ 5,283 | $ 4,900 | $ 4,654 | -7.3% | -5.0% | -6.1% | 0.0% | 0.0% | 0.0% |
| MHCD | $ 8,630 | $ 7,679 | $ 8,368 | -11.0% | 9.0% | -1.5% | -0.2% | 0.2% | 0.0% |
| Inpatient Facility | $ 12,701 | $ 13,943 | $ 13,366 | 9.8% | -4.1% | 2.6% | 2.4% | -0.9% | 0.7% |

- IP trend driven by unit cost increases, with overall utilization relatively flat
- Negative utilization trends / positive cost trends on Med/Surg
- Upward pressure on maternity utilization, could be driven by economic recovery

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# RI Commercial Costs – Inpatient Facility

**Rhode Island Commerical**
**IP Facility Unit Cost**

| | Unit Cost | | | Unit Cost Trend | | | Unit Cost Trend Impact | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2011 | 2012 | 2013 | 2012 | 2013 | Avg | 2012 | 2013 | Avg |
| Med/Surg | $ 15,235 | $ 17,216 | $ 16,524 | 13.0% | -4.0% | 4.1% | 2.2% | -0.7% | 0.7% |
| Maternity | $ 10,056 | $ 11,205 | $ 10,552 | 11.4% | -5.8% | 2.4% | 0.4% | -0.3% | 0.1% |
| SNF | $ 5,283 | $ 4,900 | $ 4,654 | -7.3% | -5.0% | -6.1% | 0.0% | 0.0% | 0.0% |
| MHCD | $ 8,630 | $ 7,679 | $ 8,368 | -11.0% | 9.0% | -1.5% | -0.2% | 0.2% | 0.0% |
| Inpatient Facility | $ 12,701 | $ 13,943 | $ 13,366 | 9.8% | -4.1% | 2.6% | 2.4% | -0.9% | 0.7% |

| | Unit Cost Trend | | | Intensity Trend | | | Price Inflation / Provider Mix | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2012 | 2013 | Avg | 2012 | 2013 | Avg | 2012 | 2013 | Avg |
| Med/Surg | 13.0% | -4.0% | 4.1% | 2.5% | 4.3% | 3.4% | 10.2% | -8.0% | 0.7% |
| Maternity | 11.4% | -5.8% | 2.4% | -1.1% | -1.5% | -1.3% | 12.7% | -4.4% | 3.8% |
| SNF | -7.3% | -5.0% | -6.1% | n/a | n/a | n/a | n/a | n/a | n/a |
| MHCD | -11.0% | 9.0% | -1.5% | 1.5% | -1.8% | -0.1% | -12.4% | 11.0% | -1.4% |
| Inpatient Facility | 9.8% | -4.1% | 2.6% | 1.8% | 2.8% | 2.3% | 7.8% | -6.8% | 0.3% |

- Intensity measured with DRGs, captures the Unit Cost due to changes in severity
- Year-over-year variability is driven more by price inflation and provider mix than intensity. Large claims may also be a driver.

# RI Commercial Costs – Inpatient Facility

**Rhode Island Commerical**
**IP Facility Utilization**

| | Admits / K | | | Days / K | | | ALOS | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2011 | 2012 | 2013 | 2011 | 2012 | 2013 | 2011 | 2012 | 2013 |
| Med/Surg | 43.46 | 42.58 | 41.71 | 150.59 | 157.66 | 155.96 | 3.47 | 3.70 | 3.74 |
| Maternity | 15.27 | 16.25 | 17.64 | 42.88 | 53.15 | 58.51 | 2.81 | 3.27 | 3.32 |
| SNF | 4.95 | 4.00 | 4.07 | 55.97 | 56.51 | 53.90 | 11.30 | 14.14 | 13.25 |
| MHCD | 8.11 | 9.38 | 9.33 | 46.33 | 50.49 | 55.96 | 5.72 | 5.38 | 6.00 |
| Inpatient Facility | 71.79 | 72.20 | 72.74 | 295.77 | 317.81 | 324.32 | 4.12 | 4.40 | 4.46 |

| | Admits / K Trend | | | Days / K Trend | | | ALOS Trend | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2012 | 2013 | Avg | 2012 | 2013 | Avg | 2012 | 2013 | Avg |
| Med/Surg | -2.0% | -2.0% | -2.0% | 4.7% | -1.1% | 1.8% | 6.9% | 1.0% | 3.9% |
| Maternity | 6.4% | 8.6% | 7.5% | 23.9% | 10.1% | 16.8% | 16.5% | 1.4% | 8.7% |
| SNF | -19.3% | 1.8% | -9.4% | 1.0% | -4.6% | -1.9% | 25.2% | -6.3% | 8.3% |
| MHCD | 15.7% | -0.5% | 7.3% | 9.0% | 10.8% | 9.9% | -5.8% | 11.4% | 2.5% |
| Inpatient Facility | 0.6% | 0.8% | 0.7% | 7.4% | 2.0% | 4.7% | 6.8% | 1.3% | 4.0% |

- Maternity is experiencing increases in both days/k and admits/k

# RI Commercial Costs – Outpatient Facility

| Rhode Island Commerical OP Facility Allowed PMPY | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | PMPY | | | PMPY Trend | | | PMPY Trend Impact | | |
| | 2011 | 2012 | 2013 | 2012 | 2013 | Avg | 2012 | 2013 | Avg |
| Emergency Room | $ 198 | $ 191 | $ 205 | -3.5% | 7.6% | 1.9% | -0.2% | 0.4% | 0.1% |
| Outpatient Surgery | $ 279 | $ 313 | $ 320 | 12.2% | 2.3% | 7.2% | 0.9% | 0.2% | 0.5% |
| Observation | $ 20 | $ 25 | $ 27 | 28.1% | 6.7% | 16.9% | 0.1% | 0.0% | 0.1% |
| Pathology/Lab | $ 139 | $ 142 | $ 136 | 2.2% | -4.3% | -1.1% | 0.1% | -0.2% | 0.0% |
| Radiology | $ 152 | $ 151 | $ 152 | -0.7% | 0.7% | 0.0% | 0.0% | 0.0% | 0.0% |
| Pharmacy | $ 80 | $ 99 | $ 112 | 23.7% | 13.2% | 18.3% | 0.5% | 0.3% | 0.4% |
| Other OP Facility | $ 122 | $ 139 | $ 152 | 14.0% | 9.4% | 11.6% | 0.4% | 0.3% | 0.4% |
| Total | $ 990 | $ 1,060 | $ 1,105 | 7.1% | 4.2% | 5.7% | 1.8% | 1.1% | 1.5% |

- Outpatient Surgery and Pharmacy are driving trend

# RI Commercial Costs – Outpatient Facility

**Rhode Island Commerical**
**Outpatient Facility Utilization & Unit Cost**

| | Utilization / K | | | Utilization Trend | | | Utilization Trend Impact | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2011 | 2012 | 2013 | 2012 | 2013 | Avg | 2012 | 2013 | Avg |
| Emergency Room | 190 | 188 | 187 | -0.9% | -0.5% | -0.7% | 0.0% | 0.0% | 0.0% |
| Outpatient Surgery | 126 | 123 | 121 | -2.2% | -1.9% | -2.0% | -0.2% | -0.2% | -0.2% |
| Observation | 11 | 12 | 12 | 2.0% | 5.2% | 3.6% | 0.0% | 0.0% | 0.0% |
| Pathology/Lab | 4,035 | 4,013 | 3,905 | -0.5% | -2.7% | -1.6% | 0.0% | -0.1% | -0.1% |
| Radiology | 471 | 458 | 456 | -2.8% | -0.4% | -1.6% | -0.1% | 0.0% | -0.1% |
| Pharmacy | 226 | 233 | 245 | 2.9% | 5.5% | 4.2% | 0.1% | 0.1% | 0.1% |
| Other OP Facility | 518 | 551 | 591 | 6.3% | 7.3% | 6.8% | 0.2% | 0.3% | 0.2% |
| Total | 5,577 | 5,578 | 5,518 | 0.0% | -1.1% | -0.5% | -0.1% | 0.1% | 0.0% |

| | Unit Cost | | | Unit Cost Trend | | | Unit Cost Trend Impact | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2011 | 2012 | 2013 | 2012 | 2013 | Avg | 2012 | 2013 | Avg |
| Emergency Room | $ 1,041 | $ 1,013 | $ 1,097 | -2.6% | 8.2% | 2.7% | -0.1% | 0.4% | 0.1% |
| Outpatient Surgery | $ 2,214 | $ 2,539 | $ 2,648 | 14.7% | 4.3% | 9.4% | 1.0% | 0.3% | 0.7% |
| Observation | $ 1,738 | $ 2,182 | $ 2,213 | 25.6% | 1.4% | 12.8% | 0.1% | 0.0% | 0.1% |
| Pathology/Lab | $ 34 | $ 35 | $ 35 | 2.8% | -1.7% | 0.5% | 0.1% | -0.1% | 0.0% |
| Radiology | $ 322 | $ 329 | $ 333 | 2.1% | 1.2% | 1.6% | 0.1% | 0.0% | 0.1% |
| Pharmacy | $ 354 | $ 426 | $ 457 | 20.2% | 7.3% | 13.6% | 0.4% | 0.2% | 0.3% |
| Other OP Facility | $ 236 | $ 253 | $ 258 | 7.2% | 2.0% | 4.5% | 0.2% | 0.1% | 0.1% |
| Total | $ 177 | $ 190 | $ 200 | 7.1% | 5.3% | 6.2% | 1.9% | 1.0% | 1.4% |

- Unit Cost drives trend. In particular OP Surgery and OP Pharmacy.

# RI Commercial Costs – Professional

| Rhode Island Commerical Professional Unit Cost | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Unit Cost Trend | | | Intensity Trend | | | Price Inflation / Provider Mix | | |
| | 2012 | 2013 | Avg | 2012 | 2013 | Avg | 2012 | 2013 | Avg |
| Allergy | -0.1% | 1.0% | 0.4% | 0.9% | -0.1% | 0.4% | -1.0% | 1.1% | 0.0% |
| Cardiovascular | -1.5% | -14.0% | -8.0% | 2.4% | -9.3% | -3.5% | -3.8% | -5.3% | -4.7% |
| Emergency Room | 3.1% | 6.4% | 4.8% | -2.5% | 3.3% | 0.4% | 5.7% | 3.0% | 4.3% |
| Immunizations/Injections | 7.1% | 3.9% | 5.5% | -0.9% | -1.8% | -1.3% | 8.0% | 5.8% | 6.9% |
| Inpatient Visits | -0.3% | -1.8% | -1.0% | -0.9% | -1.0% | -1.0% | 0.6% | -0.7% | -0.1% |
| Maternity | 3.5% | -1.6% | 0.9% | 4.3% | -1.6% | 1.3% | -0.7% | 0.0% | -0.4% |
| Office Visits | 2.2% | 1.1% | 1.7% | 0.6% | -0.4% | 0.1% | 1.6% | 1.6% | 1.6% |
| Ophthalmology | -6.7% | -3.7% | -5.2% | -3.3% | -0.7% | -2.0% | -3.4% | -3.0% | -3.2% |
| Other Prof. | -1.7% | -8.2% | -5.0% | -6.4% | -8.6% | -7.5% | 5.0% | 0.5% | 2.7% |
| Preventive Visits | 4.2% | 5.1% | 4.6% | -0.2% | 0.2% | 0.0% | 4.4% | 4.8% | 4.6% |
| PT/OT/ST | 0.3% | -0.6% | -0.2% | 0.6% | 0.6% | 0.6% | -0.3% | -1.2% | -0.8% |
| Radiology | 2.1% | -1.1% | 0.5% | 0.0% | -1.9% | -0.9% | 2.0% | 0.8% | 1.4% |
| Total Professional | 1.0% | 0.1% | 0.5% | -0.6% | -0.9% | -0.7% | 1.5% | 1.0% | 1.2% |

- Professional fees are not a major contributor to cost growth
- Office visits and Radiology are ~ 1/3 of the dollars are
- Only categories with valid RVUs are shown

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# Commercial Trend Drill Down - Pharmacy

# RI Commercial Costs – Pharmacy

**Rhode Island Commerical Pharmacy**

| | PMPY | | | PMPY Trend | | | PMPY % of Total | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2011 | 2012 | 2013 | 2011 | 2012 | Avg | 2011 | 2012 | 2013 |
| Generic | $ 281 | $ 324 | $ 241 | 15.2% | -25.7% | -7.5% | 26.1% | 29.2% | 23.7% |
| Brand | $ 637 | $ 595 | $ 556 | -6.5% | -6.6% | -6.6% | 59.2% | 53.6% | 54.7% |
| Specialty | $ 158 | $ 191 | $ 220 | 20.4% | 15.6% | 18.0% | 14.7% | 17.2% | 21.7% |
| Total | $ 1,076 | $ 1,110 | $ 1,017 | 3.1% | -8.4% | -2.8% | 100.0% | 100.0% | 100.0% |

| | Scripts per Member per Year | | | Utilization Trend | | | Utilization % of Total | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2011 | 2012 | 2013 | 2012 | 2013 | Avg | 2011 | 2012 | 2013 |
| Generic | 0.93 | 0.96 | 0.99 | 3.4% | 2.8% | 3.1% | 74.5% | 78.5% | 82.0% |
| Brand | 0.31 | 0.26 | 0.21 | -17.4% | -17.7% | -17.5% | 25.1% | 21.1% | 17.6% |
| Specialty | 0.00 | 0.01 | 0.01 | 4.6% | 0.0% | 2.3% | 0.4% | 0.4% | 0.4% |
| Total | 1.25 | 1.22 | 1.21 | -1.8% | -1.5% | -1.6% | 100.0% | 100.0% | 100.0% |

| | Unit Cost | | | Unit Cost Trend | | |
|---|---|---|---|---|---|---|
| | 2011 | 2012 | 2013 | 2012 | 2013 | Avg |
| Generic | $ 25 | $ 28 | $ 20 | 11.4% | -27.8% | -10.3% |
| Brand | $ 170 | $ 192 | $ 218 | 13.1% | 13.5% | 13.3% |
| Specialty | $ 2,726 | $ 3,137 | $ 3,627 | 15.1% | 15.6% | 15.3% |
| Total | $ 71.95 | $ 75.53 | $ 70.28 | 5.0% | -7.0% | -1.2% |

- Specialty drugs make up 0.4% of utilization but 21.7% of the costs in 2013

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# RI Commercial Costs – Pharmacy

**Rhode Island Commerical Pharmacy**

| | Trend 2012 | Trend 2013 | Trend AVG | Trend Reflects | Historical Trend Notes |
|---|---|---|---|---|---|
| Drug Utilization | -1.8% | -1.5% | -1.7% | Brand & Generic Utilization | Utilization for Brand and Generic Drugs was slightly negative |
| Generic Launch | -5.4% | -6.9% | -6.2% | Brand & Generic PMPY | Popular drugs going generic have substantially reduced trend |
| Specialty Trend | 20.4% | 15.6% | 18.0% | Specialty PMPY | Trends for Specialty Drugs putting signifigant upward pressure on pharmacy trend |
| Brand Price Inflation | 11.8% | 13.1% | 12.4% | Brand Unit Cost | Prices on brand drugs continue to rise |
| Generic Contracting * | -4.9% | -31.9% | -18.4% | Generic Unit Cost | Changes in contracting have substantially reduced drug trend |

* Some of this is due to price inflation on generic drugs decreasing but the majority is most likely from PBM changes rather than a drop in manufactures prices

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# RI Commercial Costs – Pharmacy

**Rhode Island Commerical Pharmacy**

| | Trend Impact 2012 | 2013 | AVG | The Future ? | What can be expected in the future ? |
|---|---|---|---|---|---|
| Pharmacy Trend | 3.1% | -8.4% | | ↑ | High pharmacy trends can be expected in the foreseeable future |
| Drug Utilization | -1.8% | -1.5% | -1.7% | ↔ | Low to moderate utilization trends are likely |
| Generic Launch | -5.4% | -6.9% | -6.2% | ↑ | The downward pressure will become less impactful |
| Specialty Trend | 3.0% | 3.0% | 3.0% | ↑ | Impact from Specialty will continue to grow in the foreseeable future |
| Brand Price Inflation | 6.3% | 7.2% | 6.7% | ↑ | Brand price inflation is expected to increase from historical levels, driving the impact higher |
| Generic Contracting | -1.4% | -7.6% | -4.5% | ↑ | PBM change was one-time event. Price inflation may turn slightly positive. |
| Other * | 2.8% | -2.0% | 0.4% | ↔ | Will likely fluctuate and not be a big contributor to trend |

- Trend Impact - The impact on total pharmacy trend that each one of these forces has
- Pharmacy trends are nearly guaranteed to be much higher in the future
- The traditional mechanisms for mitigating these increases (generic launches, Pharmacy Benefit Manager (PBM) changes, increase in generic dispensing rate (GDR) will be much less effective in slowing trend
- In 2014 and 2015, the commercial market has observed increases in specialty trend and brand inflation

* Primarily from changes in the mix of drugs not due to the factors outlined above

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# Latest National Drug Trends

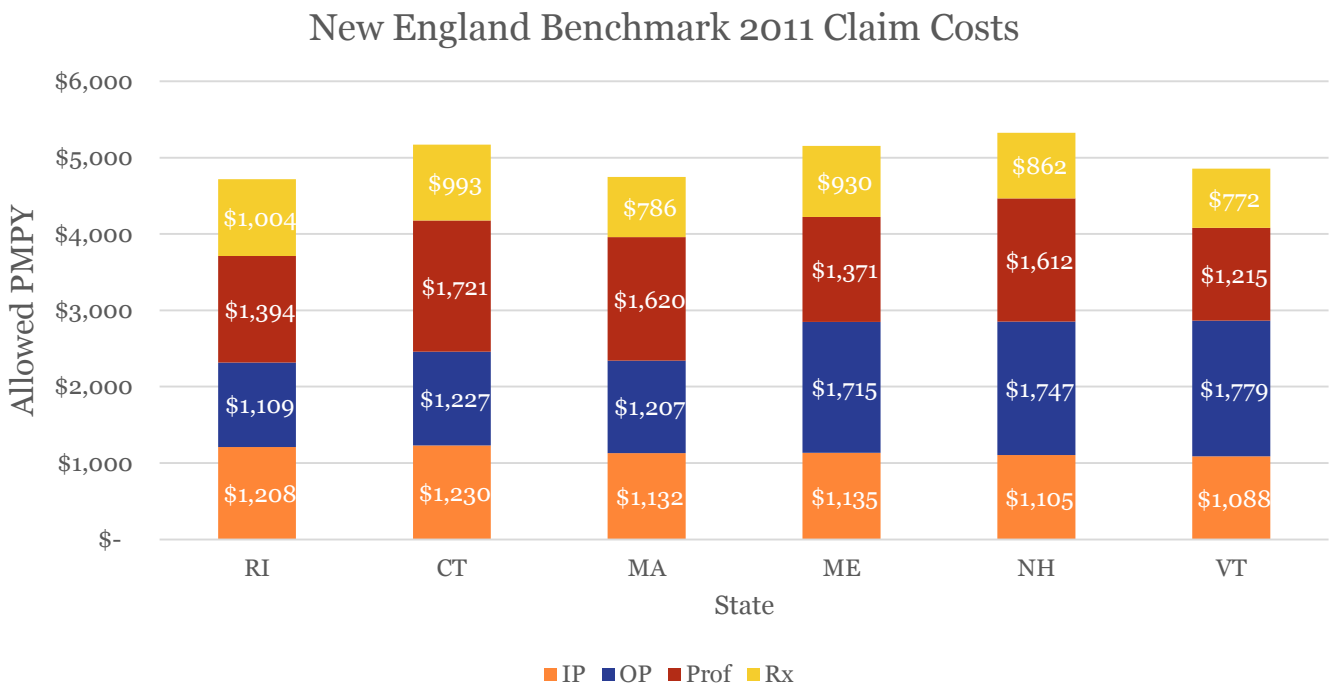
- Recently reported national commercial drug trends are significantly higher than those observed in RI from 2011 to 2013
  - CVS reported national drug trend of 12.7% for 2014, up from 3.8% in 2013
  - Express Scripts reported 13.1% trend for 2014, up from 5.4% in 2013
  - Prescription drug costs for employer coverage are projected to increase by 11.3% in 2016 according to a survey from Segal Consulting

| | 2013 RI Commercial Rx | | | 2014 Express Scripts Commercial Rx | | | |
|---|---|---|---|---|---|---|---|
| | Utilization Trend | Unit Cost Trend | Total Trend | PMPY Spend | Utilization Trend | Unit Cost Trend | Total Trend |
| Brand/ Generic | -1.5% | -12.0% | -13.3% | $668.76 | -0.1% | 6.5% | 6.4% |
| Specialty | 0.0% | 15.6% | 15.6% | $311.16 | 5.8% | 25.2% | 30.9% |
| Total | -1.5% | -7.0% | -8.4% | $979.92 | -0.04% | 13.2% | 13.1% |

Sources: CVS - http://www.cvshealth.com/sites/default/files/INSIGHTS_Trend_2015.pdf; Express Scripts - http://lab.express-scripts.com/drug-trend-report/; Segal - http://www.segalco.com/news-events/news/prescription-drug-trends-in-2016/#PublicSector

# Comparison of RI Commercial Costs to Region

# RI Commercial Costs – NE Benchmark




| State | RI | CT | MA | ME | NH | VT |
|---|---|---|---|---|---|---|
| Demo Factor | 1.00 | 1.03 | 1.01 | 1.08 | 1.04 | 1.06 |

- Depicts Truven MarketScan ® data which reflects predominantly large group business
- RI is lower in total claim costs than the rest of the Northeast but higher in pharmacy
- Truven values for RI will not match the Commercial numbers shown previously as the population is different

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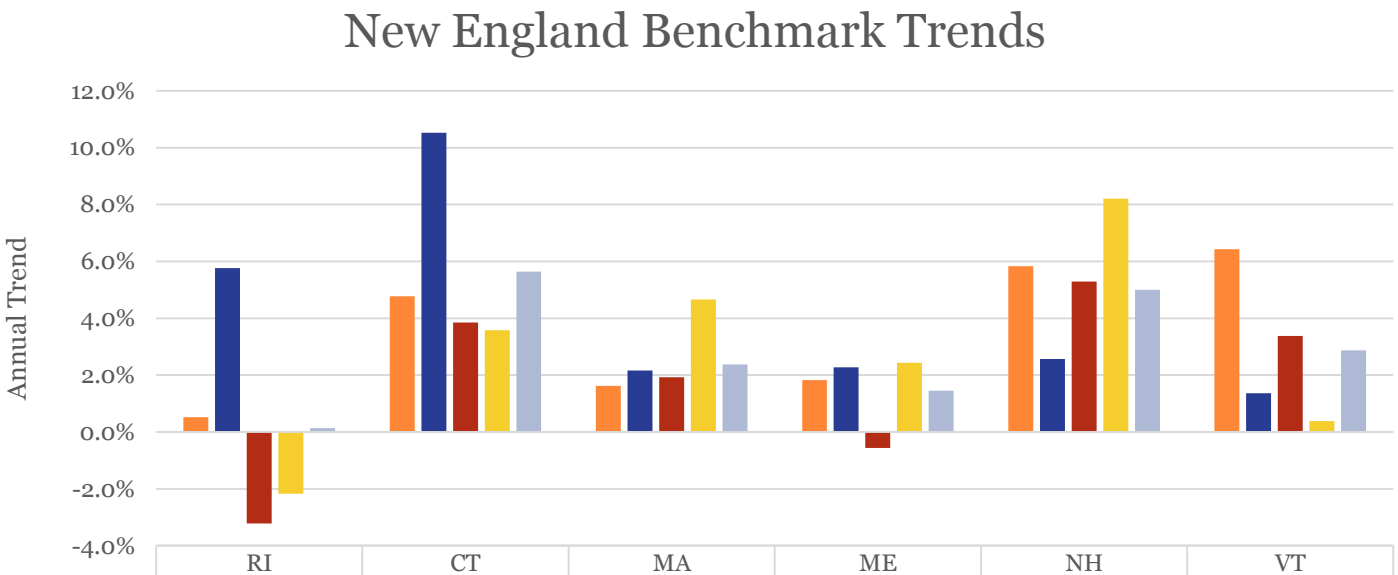
# RI Commercial Costs – NE Benchmark




| | RI | CT | MA | ME | NH | VT |
|---|---|---|---|---|---|---|
| IP | 0.5% | 4.8% | 1.6% | 1.8% | 5.8% | 6.4% |
| OP | 5.8% | 10.5% | 2.2% | 2.3% | 2.6% | 1.4% |
| Prof | -3.2% | 3.8% | 1.9% | -0.6% | 5.3% | 3.4% |
| Rx | -2.2% | 3.6% | 4.7% | 2.4% | 8.2% | 0.4% |
| Avg Trend | 0.1% | 5.6% | 2.4% | 1.5% | 5.0% | 2.9% |

- Reflects Truven MarketScan® data which reflects predominantly large group business
- Trends are annualized and reflect average trend from 2011 to 2013
- In addition to having lower starting claim costs, RI has been trending lower than the rest of NE
- National average was approximately 6% over this time period
- Trends are unadjusted

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# Questions

# Appendices

# RI Commercial Costs – Ancillary

**Rhode Island Commerical**
**Ancillary Allowed PMPY, Utilization, & Unit Cost**

| | PMPY | | | PMPY Trend | | | PMPY Trend Impact | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2011 | 2012 | 2013 | 2012 | 2013 | Avg | 2012 | 2013 | Avg |
| Ambulance | $ 20 | $ 22 | $ 25 | 12.5% | 11.8% | 12.1% | 0.1% | 0.1% | 0.1% |
| DME/Prosthetics/Supplies | $ 51 | $ 51 | $ 47 | 0.1% | -8.5% | -4.3% | 0.0% | -0.1% | -0.1% |
| Home Health | $ 21 | $ 22 | $ 22 | 3.9% | 1.6% | 2.7% | 0.0% | 0.0% | 0.0% |
| Dialysis | $ 17 | $ 19 | $ 22 | 15.6% | 17.5% | 16.5% | 0.1% | 0.1% | 0.1% |
| Total | $ 108 | $ 114 | $ 116 | 5.5% | 1.7% | 3.6% | 0.1% | 0.0% | 0.1% |

| | Utilization / K | | | Utilization Trend | | | Utilization Trend Impact | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2011 | 2012 | 2013 | 2012 | 2013 | Avg | 2012 | 2013 | Avg |
| Ambulance | 99 | 105 | 108 | 6.0% | 3.0% | 4.5% | 0.0% | 0.0% | 0.0% |
| DME/Prosthetics/Supplies | 364 | 389 | 378 | 7.0% | -2.8% | 2.0% | 0.1% | 0.0% | 0.0% |
| Home Health | 147 | 144 | 157 | -1.9% | 8.8% | 3.3% | 0.0% | 0.0% | 0.0% |
| Dialysis | 15 | 19 | 29 | 25.8% | 49.7% | 37.2% | 0.1% | 0.2% | 0.1% |
| Total | 625 | 658 | 672 | 5.2% | 2.2% | 3.7% | 0.2% | 0.2% | 0.2% |

| | Unit Cost | | | Unit Cost Trend | | | Unit Cost Trend Impact | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2011 | 2012 | 2013 | 2012 | 2013 | Avg | 2012 | 2013 | Avg |
| Ambulance | $ 200 | $ 212 | $ 230 | 6.1% | 8.5% | 7.3% | 0.0% | 0.0% | 0.0% |
| DME/Prosthetics/Supplies | $ 141 | $ 132 | $ 124 | -6.4% | -5.9% | -6.1% | -0.1% | -0.1% | -0.1% |
| Home Health | $ 141 | $ 150 | $ 140 | 5.8% | -6.6% | -0.6% | 0.0% | 0.0% | 0.0% |
| Dialysis | $ 1,073 | $ 986 | $ 773 | -8.1% | -21.5% | -15.1% | 0.0% | -0.1% | -0.1% |
| Total | $ 173 | $ 174 | $ 173 | 0.2% | -0.5% | -0.1% | -0.1% | -0.2% | -0.1% |

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# RI Commercial Costs – Professional

| Rhode Island Commerical Professional Allowed PMPY | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | PMPY | | | PMPY Trend | | | PMPY Trend Impact | | |
| | 2011 | 2012 | 2013 | 2012 | 2013 | Avg | 2012 | 2013 | Avg |
| Administered Drugs | $ 43 | $ 45 | $ 40 | 4.2% | -10.8% | -3.6% | 0.0% | -0.1% | 0.0% |
| Allergy | $ 11 | $ 11 | $ 11 | 3.5% | 0.5% | 2.0% | 0.0% | 0.0% | 0.0% |
| Anesthesia | $ 74 | $ 78 | $ 81 | 6.0% | 3.3% | 4.6% | 0.1% | 0.1% | 0.1% |
| Cardiovascular | $ 37 | $ 36 | $ 30 | -2.8% | -16.1% | -9.7% | 0.0% | -0.1% | -0.1% |
| Consultations | $ 6 | $ 5 | $ 5 | -18.8% | 0.1% | -9.9% | 0.0% | 0.0% | 0.0% |
| Emergency Room | $ 45 | $ 49 | $ 53 | 7.8% | 8.9% | 8.4% | 0.1% | 0.1% | 0.1% |
| Immunizations/Injections | $ 21 | $ 24 | $ 24 | 10.9% | 2.7% | 6.7% | 0.1% | 0.0% | 0.0% |
| Inpatient Visits | $ 26 | $ 27 | $ 28 | 3.1% | 3.3% | 3.2% | 0.0% | 0.0% | 0.0% |
| Maternity | $ 18 | $ 19 | $ 19 | 2.7% | 2.8% | 2.8% | 0.0% | 0.0% | 0.0% |
| MH/SA | $ 145 | $ 153 | $ 146 | 5.7% | -4.6% | 0.4% | 0.2% | -0.2% | 0.0% |
| Office Visits | $ 291 | $ 298 | $ 319 | 2.2% | 7.1% | 4.7% | 0.2% | 0.5% | 0.4% |
| Ophthalmology | $ 37 | $ 35 | $ 34 | -5.8% | -1.6% | -3.7% | -0.1% | 0.0% | 0.0% |
| Other Prof. | $ 51 | $ 50 | $ 49 | -2.4% | -2.6% | -2.5% | 0.0% | 0.0% | 0.0% |
| Pathology/Lab | $ 82 | $ 85 | $ 89 | 2.5% | 5.7% | 4.1% | 0.1% | 0.1% | 0.1% |
| Preventive Visits | $ 84 | $ 88 | $ 96 | 5.1% | 9.5% | 7.3% | 0.1% | 0.2% | 0.2% |
| PT/OT/ST | $ 86 | $ 89 | $ 91 | 3.9% | 2.3% | 3.1% | 0.1% | 0.1% | 0.1% |
| Radiology | $ 156 | $ 165 | $ 161 | 5.5% | -2.0% | 1.7% | 0.2% | -0.1% | 0.1% |
| Surgery | $ 209 | $ 212 | $ 212 | 1.1% | 0.2% | 0.6% | 0.1% | 0.0% | 0.0% |
| Other Prof. | $ 6 | $ 3 | $ 2 | -49.2% | -28.0% | -39.5% | -0.1% | 0.0% | 0.0% |
| Total | $ 1,430 | $ 1,470 | $ 1,493 | 2.8% | 1.5% | 2.2% | 1.0% | 0.6% | 0.8% |

- Office Visits drives trend

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# RI Commercial Costs – Professional

| Rhode Island Commerical Professional Utilization | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Utilization / K | | | Utilization Trend | | | Utilization Trend Impact | | |
| | 2011 | 2012 | 2013 | 2012 | 2013 | Avg | 2012 | 2013 | Avg |
| Administered Drugs | 178 | 181 | 170 | 1.8% | -6.4% | -2.3% | 0.0% | -0.1% | 0.0% |
| Allergy | 199 | 206 | 205 | 3.7% | -0.5% | 1.6% | 0.0% | 0.0% | 0.0% |
| Anesthesia | 131 | 133 | 133 | 1.4% | -0.1% | 0.6% | 0.0% | 0.0% | 0.0% |
| Cardiovascular | 519 | 512 | 500 | -1.3% | -2.4% | -1.9% | 0.0% | 0.0% | 0.0% |
| Consultations | 36 | 28 | 27 | -21.0% | -2.4% | -12.2% | 0.0% | 0.0% | 0.0% |
| Emergency Room | 195 | 204 | 209 | 4.5% | 2.4% | 3.4% | 0.1% | 0.0% | 0.0% |
| Immunizations/Injections | 1,113 | 1,152 | 1,140 | 3.5% | -1.1% | 1.2% | 0.0% | 0.0% | 0.0% |
| Inpatient Visits | 271 | 280 | 294 | 3.4% | 5.1% | 4.3% | 0.0% | 0.0% | 0.0% |
| Maternity | 21 | 21 | 21 | -0.8% | 4.5% | 1.8% | 0.0% | 0.0% | 0.0% |
| MH/SA | 1,290 | 1,372 | 1,281 | 6.4% | -6.7% | -0.3% | 0.2% | -0.3% | 0.0% |
| Office Visits | 3,453 | 3,455 | 3,659 | 0.0% | 5.9% | 2.9% | 0.0% | 0.4% | 0.2% |
| Ophthalmology | 449 | 453 | 462 | 0.9% | 2.1% | 1.5% | 0.0% | 0.0% | 0.0% |
| Other Prof. | 562 | 558 | 592 | -0.7% | 6.1% | 2.7% | 0.0% | 0.1% | 0.0% |
| Pathology/Lab | 3,761 | 3,797 | 3,790 | 1.0% | -0.2% | 0.4% | 0.0% | 0.0% | 0.0% |
| Preventive Visits | 721 | 727 | 758 | 0.9% | 4.2% | 2.5% | 0.0% | 0.1% | 0.1% |
| PT/OT/ST | 2,121 | 2,197 | 2,263 | 3.6% | 3.0% | 3.3% | 0.1% | 0.1% | 0.1% |
| Radiology | 1,519 | 1,570 | 1,555 | 3.3% | -0.9% | 1.2% | 0.1% | 0.0% | 0.0% |
| Surgery | 919 | 938 | 964 | 2.1% | 2.7% | 2.4% | 0.1% | 0.1% | 0.1% |
| Other Prof. | 12 | 5 | 23 | -59.9% | 359.4% | 35.7% | -0.1% | 0.0% | 0.0% |
| Total | 17,468 | 17,790 | 18,045 | 1.8% | 1.4% | 1.6% | 0.6% | 0.6% | 0.6% |

- Office Visit trend is utilization driven

# RI Commercial Costs – Professional

| Rhode Island Commerical Professional Unit Cost | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Unit Cost | | | Unit Cost Trend | | | Unit Cost Trend Impact | | |
| | 2011 | 2012 | 2013 | 2012 | 2013 | Avg | 2012 | 2013 | Avg |
| Administered Drugs | $ 242 | $ 248 | $ 236 | 2.3% | -4.7% | -1.2% | 0.0% | -0.1% | 0.0% |
| Allergy | $ 55 | $ 55 | $ 56 | -0.1% | 1.0% | 0.4% | 0.0% | 0.0% | 0.0% |
| Anesthesia | $ 565 | $ 591 | $ 611 | 4.6% | 3.4% | 4.0% | 0.1% | 0.1% | 0.1% |
| Cardiovascular | $ 71 | $ 69 | $ 60 | -1.5% | -14.0% | -8.0% | 0.0% | -0.1% | -0.1% |
| Consultations | $ 180 | $ 185 | $ 190 | 2.7% | 2.6% | 2.7% | 0.0% | 0.0% | 0.0% |
| Emergency Room | $ 232 | $ 239 | $ 254 | 3.1% | 6.4% | 4.8% | 0.0% | 0.1% | 0.1% |
| Immunizations/Injections | $ 19 | $ 20 | $ 21 | 7.1% | 3.9% | 5.5% | 0.0% | 0.0% | 0.0% |
| Inpatient Visits | $ 98 | $ 98 | $ 96 | -0.3% | -1.8% | -1.0% | 0.0% | 0.0% | 0.0% |
| Maternity | $ 876 | $ 907 | $ 892 | 3.5% | -1.6% | 0.9% | 0.0% | 0.0% | 0.0% |
| MH/SA | $ 112 | $ 112 | $ 114 | -0.7% | 2.2% | 0.7% | 0.0% | 0.1% | 0.0% |
| Office Visits | $ 84 | $ 86 | $ 87 | 2.2% | 1.1% | 1.7% | 0.2% | 0.1% | 0.1% |
| Ophthalmology | $ 82 | $ 77 | $ 74 | -6.7% | -3.7% | -5.2% | -0.1% | 0.0% | 0.0% |
| Other Prof. | $ 92 | $ 90 | $ 83 | -1.7% | -8.2% | -5.0% | 0.0% | -0.1% | -0.1% |
| Pathology/Lab | $ 22 | $ 22 | $ 24 | 1.5% | 5.9% | 3.7% | 0.0% | 0.1% | 0.1% |
| Preventive Visits | $ 116 | $ 121 | $ 127 | 4.2% | 5.1% | 4.6% | 0.1% | 0.1% | 0.1% |
| PT/OT/ST | $ 40 | $ 41 | $ 40 | 0.3% | -0.6% | -0.2% | 0.0% | 0.0% | 0.0% |
| Radiology | $ 103 | $ 105 | $ 104 | 2.1% | -1.1% | 0.5% | 0.1% | 0.0% | 0.0% |
| Surgery | $ 228 | $ 225 | $ 220 | -1.0% | -2.4% | -1.7% | -0.1% | -0.1% | -0.1% |
| Other Prof. | $ 484 | $ 614 | $ 96 | 26.7% | -84.3% | -55.4% | 0.0% | -0.1% | -0.1% |
| Total | $ 81.86 | $ 82.66 | $ 82.72 | 1.0% | 0.1% | 0.5% | 0.4% | 0.0% | 0.2% |

- Only moderate changes in Unit Cost

WAKELY CONSULTING GROUP

# Working Group Discussion

# Public Comment

# Thank you!

http://www.governor.ri.gov/initiatives/healthcare/