
OVERVIEW: THE RHODE ISLAND HEALTHCARE COST TRENDS PROJECT



**PETERSON
CENTER ON
HEALTHCARE**

SUPPORTING STATEWIDE HEALTHCARE IMPROVEMENT

Low-value care accounts for a significant portion of today's healthcare costs, which consume an ever-increasing share of public and private spending. Despite mounting and wasteful healthcare spend, it's difficult for health insurance purchasers and healthcare providers to limit and direct their spend by selecting higher-value care because they lack access to appropriate performance data. While the needs and uses of healthcare information may differ across physicians, employers and policymakers, these stakeholders all lack insight into the true cost of healthcare today. As a result, they don't have access to actionable, comprehensive information to help them make decisions to improve quality and decrease the cost of care.

One of the strategic priorities for the Peterson Center on Healthcare is to help stakeholders build healthcare analytics and reporting capabilities to inform decision-making and improve the affordability and quality of healthcare for the American people. Through these transparency initiatives, the Center aims to increase access to actionable and timely data to inform healthcare stakeholders' decisions and, consequently, drive healthcare improvement in the U.S. To further this priority, the Center has engaged in several projects that make data and analysis accessible and actionable for key stakeholders, so that market actors, such as employers, policymakers and consumers better understand what factors drive healthcare spending. These initiatives include building employer coalitions, advancing data transparency and availability, and monitoring quality and cost of U.S. healthcare.

The Center's collaborations with state leadership, local providers, plans and employers suggest that healthcare transparency efforts are most impactful when they address both the technical and social challenges that providers and purchasers face as they seek actionable quality and cost information to inform their healthcare decisions. That's why the Center invests in initiatives that pair healthcare data access and analysis with action-oriented stakeholder engagement. The Center believes this two-pronged strategy is essential to accelerating change across stakeholders and markets.

The Center's partnership with the State of Rhode Island and Brown University exemplifies this approach. It serves as a model of how states can take collaborative action to create an analytics and reporting system. Rhode Island state policymakers and local decision-makers have been exemplary in their ability to develop a vision of higher-value care and build the trust required to guide the development of market-based innovations. The following case study highlights best practices for local transparency initiatives, identifies barriers to progress and outlines opportunities for action to create a more efficient healthcare market.

PARTNERSHIP WITH THE STATE OF RHODE ISLAND

In 2018, the Center launched a partnership – The Rhode Island Healthcare Cost Trends Project – with the State of Rhode Island and Brown University to analyze healthcare spending data from the state’s all-payer claims database (APCD) (referred to as “HealthFacts RI”).

Rhode Island Governor Gina Raimondo and the State administration are committed to providing Rhode Island citizens with high-quality, affordable healthcare by increasing the transparency of healthcare performance and ensuring accountability of outcomes. To achieve this long-term vision, the first phase of this collaboration established the groundwork for public reporting of state-wide healthcare spending by engaging a steering committee of 17 stakeholders, including payers, providers, employers and community representatives, led by state and industry leaders. Thanks to a strong collaboration from the Rhode Island healthcare community, the project’s Steering Committee worked through the technical challenges of establishing a target for healthcare cost growth, assessing drivers of cost and identifying opportunities to lower cost of care growth.

LESSONS LEARNED

The Center’s work with partners in Rhode Island has provided us with a set of best practices for local transparency initiatives, including identifying barriers to progress and demonstrating opportunities for action to support data transparency to create a more efficient healthcare market. Several states throughout the country, including Oregon, Colorado, Connecticut and Massachusetts are leveraging analytics, local stakeholder engagement and state leadership to lower healthcare costs.



THE CENTER’S WORK WITH PARTNERS IN RHODE ISLAND HAS PROVIDED US WITH BEST PRACTICES FOR LOCAL TRANSPARENCY INITIATIVES.

BEST PRACTICES FOR TRANSPARENCY INITIATIVES

Engage stakeholders early and often

In developing this project, Brown University, Bailit Health and the State of Rhode Island engaged representatives across stakeholder groups – providers, payers and policymakers – early in the process. Both large health services providers, including health systems and Accountable Care Organizations (ACOs), all leading commercial payers and Medicaid were engaged to create trust and accountability – ingredients that are essential for a successful transparency initiative. Early engagement of key stakeholders was particularly important given the technical challenges associated with the development of a state and system-wide total cost growth target. Commitment to contain healthcare spending below the target requires a shared understanding of the underlying theory of change and personal accountability for developing and reaching the target.

The Steering Committee was co-chaired by Marie Ganim, Health Insurance Commissioner of Rhode Island, and two executives from a local provider and payer. The partnership signaled a shared commitment to greater transparency of healthcare performance data and higher quality, more affordable healthcare. In December 2018, after less than four months of stakeholder engagement and in-depth discussion on the methods the community would use to assess rising costs and set a shared target, all 17 Steering Committee members confidently signed a compact

STEERING COMMITTEE MEMBERS ESTABLISHED A 3.2% HEALTHCARE COST GROWTH TARGET.

committing to operate within an established healthcare cost growth target of 3.2%. This was followed by an Executive Order, issued by Rhode Island Governor Gina Raimondo in February 2019, which directed state staff to perform work supporting the compact and execute the healthcare cost growth trend analysis. These commitments created state and key stakeholder accountability to the target and emphasized the trust the group had established in one another and in their process to achieve a shared goal of making Rhode Island's healthcare more affordable and higher quality.

Active engagement in data and methodology builds trust and accountability at the local level

Whether by purchasers or providers, healthcare decisions are made locally and, therefore, transparency in data analytics must exist at a local level. As outlined above, application of this information to decisions by purchasers and providers requires a common understanding and goal among key stakeholders. It also requires trust in the insights that are generated and accountability for the results that arise from the data. Trust and accountability are built not solely through goal alignment, but also through engaging key stakeholders in the development of the methodological approaches and open assessment of data outputs.



In Rhode Island's 2018 compact, all 17 members of the Steering Committee confidently took accountability for the proposed healthcare cost growth target and analytic approach to setting and monitoring the identified target. Methodological alignment and trust helped create data expansion and aggregation to progress relatively seamlessly.

Policymakers committed to transparency are in a unique position to address these barriers. Lifting them will transform access to and availability of actionable healthcare data nationally. This data liquidity, paired with stakeholder engagement to inform an actionable design, can inform healthcare decisions and orient our nation toward higher-value care.

Demonstrate the value and applicability of multi-payer data

For many stakeholders, including policymakers, the value proposition of APCDs and healthcare data analysis may currently seem unclear. To demonstrate value to key financial and legislative decision-makers, transparency projects require a clear outline of short- and long-term goals.

In November 2018, Rhode Island invited APCD experts from across the country to share their analytic and reporting best practices. The Steering Committee, which was inspired by the learnings, worked together to create a data use strategy that outlined key cost and utilization analyses to inform project-related improvements in healthcare system performance. The Steering Committee recognized that the quality of a database is positively correlated with the frequency of its use. As a result, it will leverage the design and methodology underpinning Brown University's initial analyses to create annual reporting that is actionable and speaks directly to the need of providers in its state.

Barriers to Effective Transparency of Actionable Data

Despite the efforts of our partners and colleagues in the field, barriers to effective transparency continue to exist.

- There is still uncertainty regarding the long-term, financial sustainability of analytic and transparency projects. Digesting, auditing, validating and collating data elements from diverse sources is expensive and complex. APCDs have taken very different approaches to building the sustainability of local data resources, but their funding remains fragile.
- The lack of national standardization of data formats and elements challenges effective transparency in two ways. First, lack of standardization increases the cost and time commitment of analysis across the country. These delays undermine the ability to quickly demonstrate value, which is essential to engaging financial and legislative decision-makers. Second, it limits the opportunities for cross-state comparison and benchmarking. This limitation, in turn, hinders development and spread of policy and delivery innovations as states struggle to identify and implement best practices. State and federal stakeholders have the opportunity to set a shared standard through their data requests of payers and self-insured employers. National organizations, such as the APCD Council, have developed and advocated for a common data layout, which, if deployed in this manner, could directly address this limitation.
- Limited access to self-insured data has weakened the power of APCDs across the country. A 2016 Supreme Court decision ruled that ERISA* self-insured employers are not required to submit claims data for inclusion in its statewide APCDs. Consequently, while some self-insured employers voluntarily submit their information, data from most ERISA-sponsored health plans is no longer included in state-based data depositories. To increase the quality of state-level APCD data, stakeholders should engage self-insured employers and incentivize them to share data resources with its regional APCD.

*The Employee Retirement Income Security Act of 1974 is a federal law that sets minimum standards for most voluntarily established retirement and health plans in private industry to provide protection for individuals in these plans.

OPPORTUNITIES FOR ACTION

In August 2019, the Center reinforced its commitment to transparency by responding to Rhode Island's request for technical assistance and investing in partnerships with Brown University and the state to analyze, report and catalyze action on healthcare cost growth and performance. This work will impact Rhode Island's healthcare market and population by informing provider-led improvement efforts and statewide policy and regulation.

Rhode Island aims to learn from a pioneer that demonstrated real impact on total cost of care: Massachusetts. In 2012, Massachusetts launched a project to limit total spending in the healthcare system through total cost growth analysis and established two semi-independent commissions: one to review the annual growth in state healthcare spending, and one to create policy recommendations to state and federal regulatory bodies. The state's actions created significant results. According to a 2017 cost analysis, the growth in total health spending in Massachusetts, which was initially one of the highest in the nation, fell to among the lowest since it enacted the cost growth target into state law in 2012.

Rhode Island state policymakers and local decision-makers are exemplary in their ability to develop a vision of higher-value care and build the trust required to guide development of market-based innovations. Their commitment and approach serves as a model to the Center as it furthers its work progressing transparency in service of its mission. Today, both federal and state policymakers have the opportunity to work together to take constructive action to empower employers, create efficiencies in data aggregation and access, and demonstrate the value of informed data-driven decision-making.

ABOUT US

The Center's transparency initiatives focus on increasing access to actionable and timely data to inform healthcare decisions, and combine healthcare performance analysis with action-oriented stakeholder engagement. To learn more, visit petersonhealthcare.org.





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