

*For Immediate Release*

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## **HARI Statement on OHIC Rate Factor Decision**

**CRANSTON, R.I. – July 7, 2010** - The Hospital Association of Rhode Island (HARI) today responded to the Office of the Health Insurance Commissioner's (OHIC) approval of increased rate factors for Rhode Island's commercial health plans.

“Hospitals in our state continue to struggle financially. During the first eight months of this fiscal year, seven of eleven hospitals reported operating losses and the industry as a whole is operating in the red,” said Edward J. Quinlan, president, Hospital Association of Rhode Island. “While there are signs the economy is recovering, hospitals continue to experience the effects of high unemployment and uninsured rates. The amount of uncompensated care provided by hospitals in our state has risen nearly 18 percent during the past year and will account for \$150 million in unreimbursed costs by the end of the year.”

“A contributing factor in the poor financial health of our hospitals is the present and historic low reimbursement by public and private insurers. Both Medicare and Medicaid reimburse hospitals at rates lower than the cost of providing care. Hospitals lose eleven cents on each dollar of care provided to Medicare patients and the federal government is hospitals' largest payer. Meanwhile, commercial insurers pay slightly above cost, but this slight margin is not sustainable and does not provide hospitals with the resources necessary to make appropriate investments in infrastructure and technology for Rhode Island.”

“It is also important to note that while the OHIC has approved a 14 percent rate increase, half of that is attributable to increases in utilization. Hospitals continue to serve as the health care provider of last resort in our state with no ability to limit the number of patients seeking care.”

Founded over a half century ago, the Hospital Association of Rhode Island is a statewide trade organization that assists member hospitals in effectively meeting the health care needs of Rhode Island, through advocacy, representation, education and services. HARI members work collaboratively to improve the quality of care delivered and address issues threatening access to health care including increasing health costs, workforce shortages and decreasing reimbursement. HARI members work together to ensure that all Rhode Islanders will receive comprehensive, high quality health care.

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