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## **Local Study Shows Rhode Islanders' Unwillingness to Consider New Plans Contributes to Higher Costs**

Wakefield, RI.....As the average cost of employee health benefits for Rhode Islanders surpassed the \$10,000 mark for the first time, a benefits consulting expert said the richness of Rhode Island health plans compared to those in other states and limited competition among health insurers were key contributors to higher than average costs.

“Rhode Island is a bit of an anomaly. Survey respondents acknowledge that the lack of competition has a negative impact on price, yet they also openly admit to an aversion to new plans that might have a smaller network of providers than Blue Cross or United” said Sam Slade, founder and President of Bluff Head Enterprises, Inc., a benefits consulting firm based in Wakefield, RI. Another contradiction, according to Slade, is the desire to achieve lower costs but an attachment to older, richer plan designs; “Everyone’s calling for less expensive health insurance but we in RI have also been somewhat more reluctant than folks in other parts of the country to adopt cost shifting design features which reduce premium rates.”

Slade’s comments came as Bluff Head Enterprises released the findings of its 6<sup>th</sup> annual survey on health benefits in Rhode Island. Based on 58 responding Rhode Island area employers representing over 80,000 local employees, the Bluff Head survey details an average annual cost for group medical and dental benefits of \$10,300 in 2007. The 2007 annual cost for a single health plan was \$5,124, more than \$300 above the national average. The average annual cost for family health coverage was \$13,596. Since more Rhode Islanders elect family coverage than single plans, the average per employee cost for health insurance in 2007 reached \$10,300.

Slade said the failure of respected health insurers such as Aetna, Cigna, Harvard-Pilgrim, Tufts, etc. to break into the local market has limited competition among health insurers which also contributes to higher costs for Rhode Islanders.

The Bluff Head survey documents an average employee contribution of \$1,631 per year towards the cost of employer sponsored medical coverage. The average private sector employee contribution was \$1,740 for 2007 while the average public sector employee contribution was

\$1,238. Private sector employees continue to make higher health care premium contributions than public employees but, according to Slade, this gap is narrowing. “It’s clear that the State of Rhode Island is aggressively negotiating for employee contributions on health insurance from state employees,” said Slade.

When it comes to squeezing more savings out of Rhode Island’s health care system, Slade said reducing reimbursement rates for physicians was not a viable option. “Our insurers have been successful in negotiating relatively low reimbursement rates for participating physicians,” said Slade. “I think most Rhode Islanders would be surprised to learn that RI healthcare providers are paid, on average, less than in CT or MA”

Slade cited the recently created Health Pact Plan that offers more generous benefits for Rhode Islanders agreeing to live healthier lives as a positive step in the effort to reduce health care costs. Established by Christopher Kohler, Rhode Island’s Insurance Commissioner, Health Pact, offers premium reductions of up to 20 percent for participants.

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