

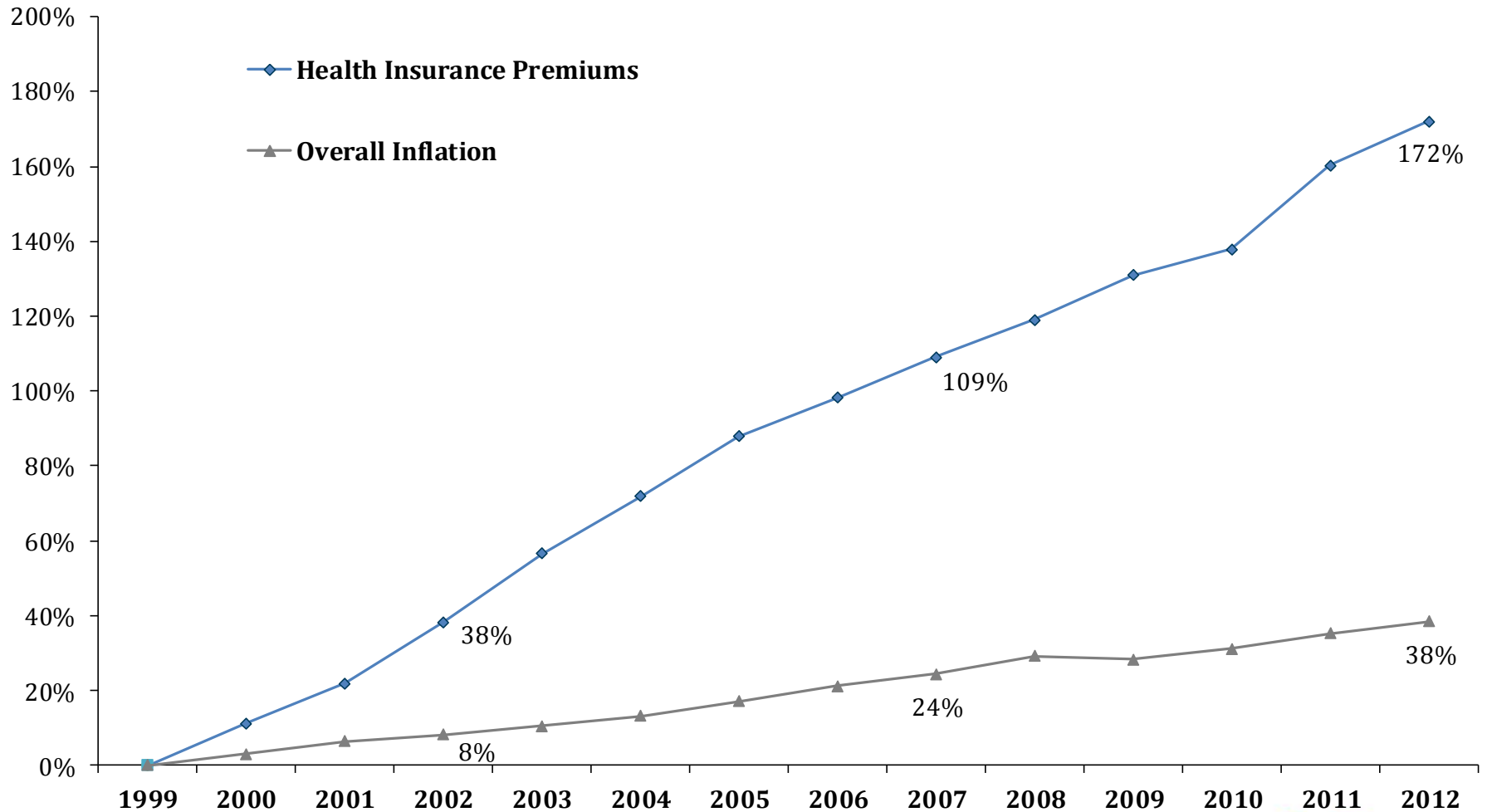
Rhode Island Public Expenditure Council

Bending the Cost Curve in Healthcare

November 24, 2014

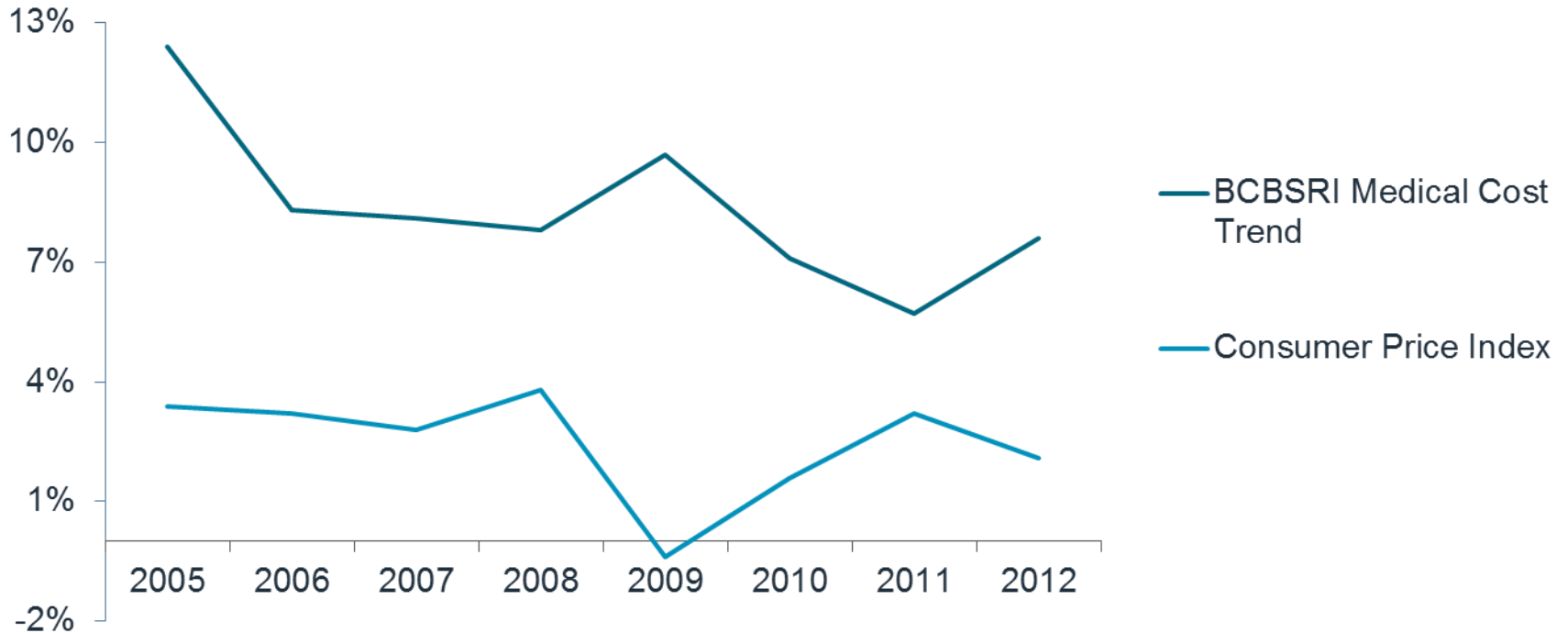
Peter Andruszkiewicz
President and CEO
Blue Cross & Blue Shield of Rhode Island

National healthcare costs squeeze purchasers



SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2012. Bureau of Labor Statistics, Consumer Price Index, U.S. City Average of Annual Inflation (April to April), 1999-2012; Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics Survey, 1999-2012 (April to April).

Local healthcare expenditures continue to outpace inflation



Sources: US Inflation Calculator; BCBSRI Group Claims Trends for 2005-2012

What drives healthcare expenses?

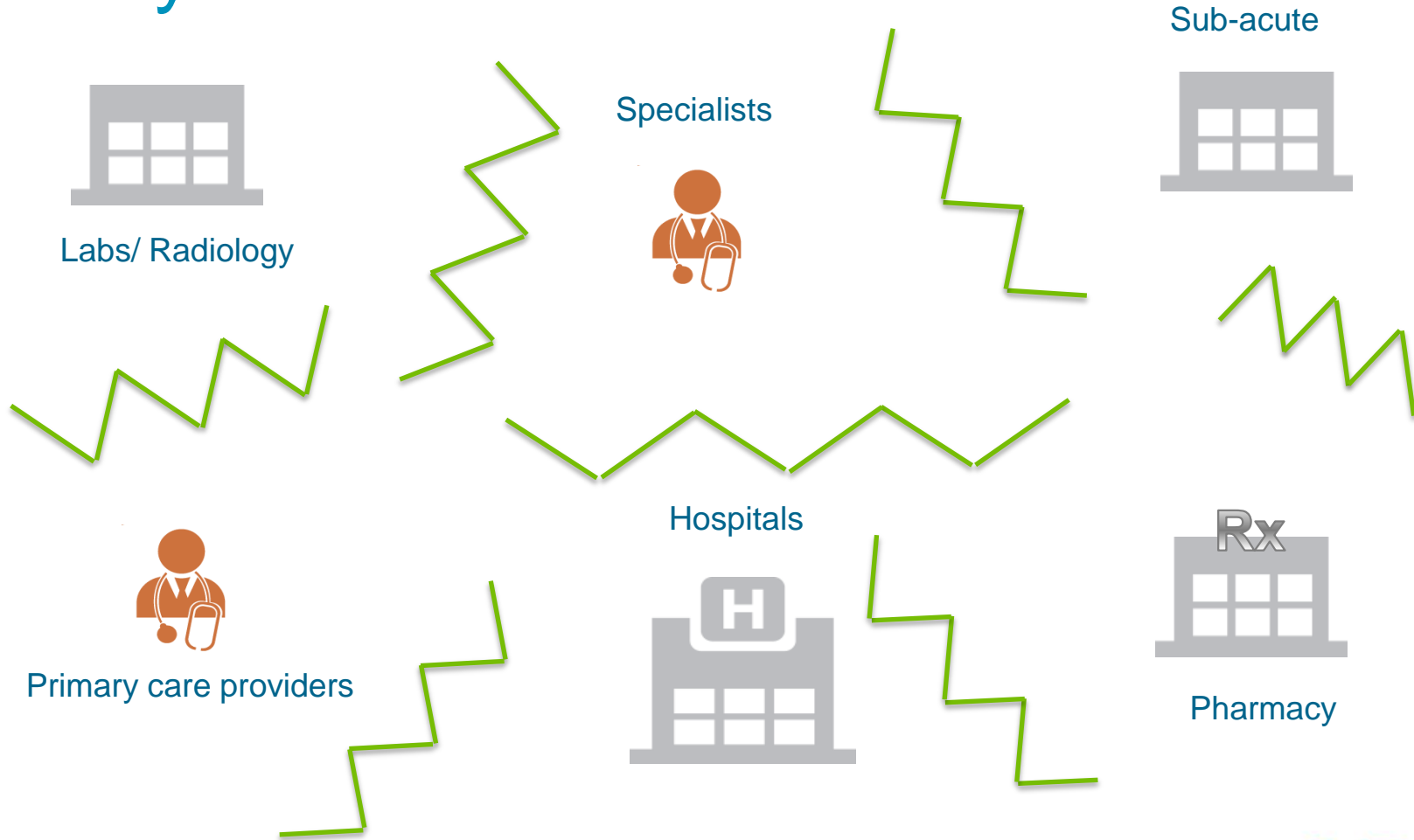
- Inflation
- Utilization
- Technology
- Cost Shifting
- Deductible Leveraging



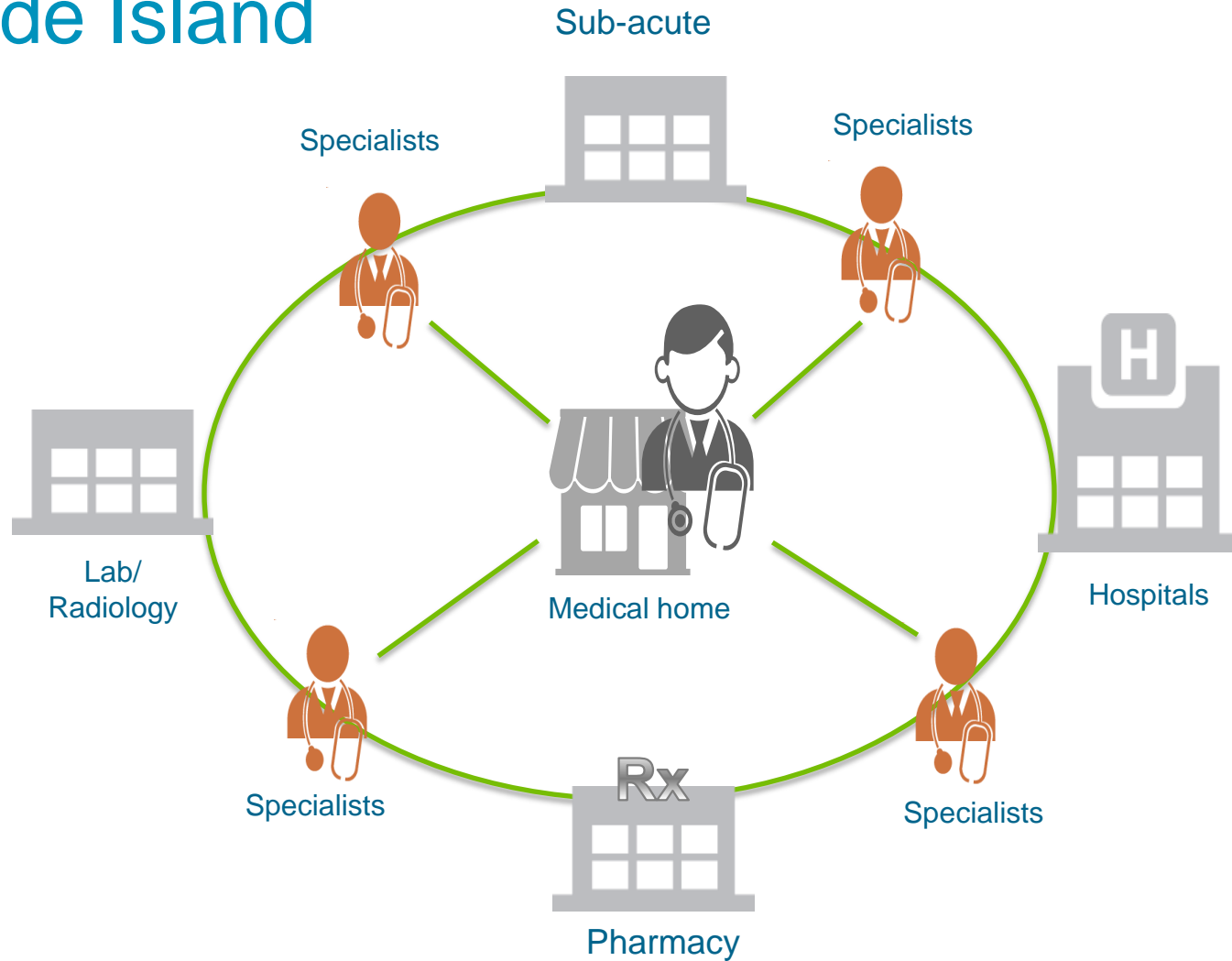
How a health insurance premium dollar is spent



Rhode Island's healthcare landscape today



The future state of healthcare delivery in Rhode Island



The future is now

- Eliminate fee-for-service payments in RI by 2018
- Need to promote “collaboration as a strategy”
- Inertia is not our friend

Change is a math formula

$$C = Co(SQ) > R(C)$$

Alan Webber, Co-Founder, Fast Company Magazine

When change occurs in healthcare in Rhode Island

