WHEREAS, Medicaid covers approximately 1 in 4 Rhode Islanders, including 1 in 5 adults, 3 in 8 children, 3 in 5 nursing home residents, 3 in 5 individuals with disabilities, 4 in 9 individuals with disabilities, and 1 in 5 Medicare beneficiaries; and

WHEREAS, COVID-19 has made proper funding and management of the Rhode Island Medicaid programs even more necessary and urgent; and

WHEREAS, Prior to 1994, Rhode Island managed its own Medicaid programs reimbursing health care providers directly; and

WHEREAS, Since 1994, Rhode Island has privatized an ever-growing portion of its Medicaid program so that by 2019, 91 percent of all RI Medicaid recipients are in a managed care program, i.e., 283,033 Medicaid eligible individuals, and Managed Care Organization (MCO) payments comprise 60 percent of Medicaid benefit expenditures (i.e., about $1.7 billion); and

WHEREAS, In annual reports since 2009, the Rhode Island Office of the Auditor General repeatedly found that the State lacks adequate oversight of such private health insurance companies; and

WHEREAS, The Auditor General found that Rhode Island overpaid more than two hundred million dollars ($200,000,000) to private health insurance companies in 2015, and could not recoup overpayments until 2017, due to opposition from such companies; and

WHEREAS, Academic peer-reviewed research has found that privatizing management of Medicaid does not save states money and often costs them more; and
WHEREAS, In 2009, Connecticut conducted an audit which found that it was overpaying private health insurance companies (United Healthcare Group, Aetna, and Community Health Network of Connecticut) nearly fifty million dollars ($50,000,000) of Medicaid funds per year; and

WHEREAS, In 2012, Connecticut abandoned its attempt to privatize management of its Medicaid program and subsequently saved hundreds of millions of dollars and achieved the lowest Medicaid cost increases in the country; and

WHEREAS, Rhode Island’s efforts to “reinvent” Medicaid by privatizing it (i.e., hiring private corporations to implement UHIP/RIBridges and act as MCOs) have not resulted in significant savings; and

WHEREAS, Other states (Kansas and Iowa) that have recently experimented with wide-scale Medicaid privatization have suffered cuts in care, reduced far less costs than expected, and sacrificed oversight and transparency by handing their programs over to private entities; and

WHEREAS, After finding insufficient oversight of MCOs since 2009, the RI Auditor General in the FY2017, FY2018 and FY2019 Single Audit Reports bluntly concludes, “The State lacks effective auditing and monitoring of MCO financial activity”;

WHEREAS, Rhode Island must collect data and analyze the actual costs and benefits of contracting with private health insurance companies and to date, has not; now, therefore be it

RESOLVED, That this House of Representatives of the State of Rhode Island hereby respectfully requests the Rhode Island State Auditor General to conduct or oversee a study or audit similar to the one undertaken by the Connecticut Comptroller in 2009, to determine whether Rhode Island is overpaying private health insurance companies and whether reversing the privatization of Rhode Island’s Medicaid programs can save the State money; and be it further

RESOLVED, That this House hereby respectfully requests the Rhode Island State Auditor General to report its findings to the Rhode Island Senate and House on or before January 2, 2022; and be it further

RESOLVED, That the Secretary of State be and hereby is authorized and directed to transmit a duly certified copy of this resolution to the Rhode Island State Auditor General.

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