

2021 -- H 6046

LC001152

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2021

HOUSE RESOLUTION

RESPECTFULLY REQUESTING THE RHODE ISLAND STATE AUDITOR GENERAL TO CONDUCT OR OVERSEE A STUDY OR AUDIT ON THE PRIVATIZATION OF RHODE ISLAND'S MEDICAID PROGRAMS

Introduced By: Representatives Henries, Cassar, Lombardi, Morales, Kazarian, Potter, Amore, Alzate, Fogarty, and Tanzi

Date Introduced: February 26, 2021

Referred To: House Finance

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

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

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

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

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

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

18 WHEREAS, Academic peer-reviewed research has found that privatizing management of
19 Medicaid does not save states money and often costs them more; and

1 WHEREAS, In 2009, Connecticut conducted an audit which found that it was overpaying
2 private health insurance companies (United Healthcare Group, Aetna, and Community Health
3 Network of Connecticut) nearly fifty million dollars (\$50,000,000) of Medicaid funds per year;
4 and

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

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

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

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

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

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

24 RESOLVED, That this House hereby respectfully requests the Rhode Island State
25 Auditor General to report its findings to the Rhode Island Senate and House on or before January
26 2, 2022; and be it further

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

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