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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2021

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SENATE 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: Senators Bell, Mack, Anderson, Calkin, and Valverde

Date Introduced: January 19, 2021

Referred To: Senate Health & Human Services

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

24           RESOLVED, That this Senate 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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