

2021 -- H 5449

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2021

A N A C T

RELATING TO HUMAN SERVICES -- MEDICAL ASSISTANCE

Introduced By: Representatives McGaw, Morales, Henries, Cortvriend, Potter, Tanzi,
Batista, Felix, Baginski, and Alzate

Date Introduced: February 10, 2021

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Legislative findings.

2 The general assembly finds and declares the following:

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

6 (2) COVID-19 has made proper funding and management of the Rhode Island Medicaid
7 programs even more necessary and urgent;

8 (3) Prior to 1994, Rhode Island managed its own Medicaid programs reimbursing health
9 care providers directly;

10 (4) Since 1994, Rhode Island has privatized an ever-growing portion of its Medicaid
11 program so that by 2019, 91% of all RI Medicaid recipients are in a managed care program, i.e.,
12 283,033 Medicaid eligible individuals and managed care organization (MCO) payments comprise
13 60 percent of Medicaid benefit expenditures (i.e., about \$1.7 billion);

14 (5) In annual reports since 2009, the Rhode Island Office of the Auditor General has
15 repeatedly found that the state lacks adequate oversight of such private health insurance companies;

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

19 (7) Significant research has found that privatizing management of Medicaid does not save

1 states money and often costs them more;

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

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

8 (10) Rhode Island's major efforts to "reinvent Medicaid" focused on privatizing Medicaid,
9 including hiring private corporations to implement UHIP/RIBridges as well as act as MCOs and
10 have not resulted in comparable savings;

11 (11) Other states, such as Iowa and Kansas, have recently privatized Medicaid by hiring
12 MCOs and "have suffered cuts in care, reduced far less costs than expected, and sacrificed oversight
13 and transparency by handing their programs over to private entities," and "these changes have been
14 devastating for many Medicaid recipients that once could depend on public provision for life-
15 sustaining care";

16 (12) After finding insufficient oversight of MCOs since 2009, the RI Auditor General in
17 the FY 2017, FY 2018, and FY 2019 Single Audit Reports bluntly concludes, "The State lacks
18 effective auditing and monitoring of MCO financial activity."

19 SECTION 2. Chapter 40-8 of the General Laws entitled "Medical Assistance" is hereby
20 amended by adding thereto the following section:

21 **40-8-33. Medicaid programs audit, assessment and improvement.**

22 (a) The auditor general shall conduct and oversee an audit of the state's Medicaid programs
23 currently administered by managed care organizations (MCOs). The purpose of the audit is to
24 determine whether significant savings and/or improved access to Medicaid-related health care
25 services may be accomplished, and the determination is to include, but not be limited to, savings
26 and/or improved access resulting from the end of privatized management of Medicaid by MCOs.
27 The audit shall include a review of all the matters audited by the state of Connecticut Comptroller
28 in that state's review of MCOs in 2009.

29 (b) The auditor general shall report the findings of the audit by November 1, 2021, to the
30 general assembly and to the director of the executive office of health and human services. The
31 auditor general may include in the report any recommendations for cost savings or improvements
32 in the delivery of Medicaid-related health care services to include, but not be limited to, ending
33 privatized management of Medicaid.

34 (c) If the audit demonstrates or establishes that reversing privatized management of

1 Medicaid by MCOs will result in savings and/or better access to health care, the director of the
2 executive office of health and human services (EOHHS) shall develop a plan for the state to end
3 the practice of contracting with insurance companies and to transition to state management within
4 three (3) years or less from the effective date of this section if approved by the general assembly.
5 The plan shall be submitted to the general assembly by January 1, 2022.

6 SECTION 3. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO HUMAN SERVICES -- MEDICAL ASSISTANCE

1 This act would require the auditor general to conduct an audit of Medicaid programs
2 administered by MCOs. The auditor general would report findings to the general assembly and the
3 director of the executive office of health and human services (EOHHS) by November 1, 2021. The
4 director of EOHHS would provide the general assembly with a plan to end privatized management
5 of Medicaid by January 1, 2022, if the audit demonstrates the plan would result in savings and/or
6 better access to health care.

7 This act would take effect upon passage.

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