

2023 -- S 0109

LC000927

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2023

A N A C T

RELATING TO HUMAN SERVICES -- MEDICAL ASSISTANCE

Introduced By: Senators Ujifusa, Bell, Valverde, Miller, Quezada, DiMario, Murray,
Mack, Gu, and Sosnowski

Date Introduced: February 01, 2023

Referred To: Senate Health & Human Services

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 40-8 of the General Laws entitled "Medical Assistance" is hereby
2 amended by adding thereto the following section:

3 **40-8-33. Medicaid programs audit, assessment and improvement.**

4 (a) The auditor general, in consultation with the executive office of health and human
5 services, shall hire and supervise an outside contractor or contractors to audit the state's managed
6 care entities in order to determine whether managed care entities are providing savings, access and
7 outcomes that are better than what could be obtained under a fee-for-service program managed by
8 the state.

9 (b) Managed care entities shall provide information necessary to conduct this audit, as well
10 as all legally required audits, in a timely manner as requested by the outside contractors.

11 (c) Failure of a managed care entity to provide such information in a timely manner shall
12 permit the state to seek penalties and terminate the managed care entity's Medicaid contract.

13 (d) Staff and outside contractors working on the audit shall not have relevant financial
14 connections to managed care entities or the outcome of the audit.

15 (e) The auditor general shall present the results of the audit to the public and general
16 assembly within six (6) months after the effective date of this section.

17 (f) If the audit concludes that a fee-for-service state-run Medicaid program could provide
18 better savings, access and outcomes than the current managed care system, the office of health and
19 human services and the auditor general shall develop a plan for the state to transition to a state-run

1 fee-for-service program within two (2) years from the effective date of this section.

2 (g) Contracts with managed care entities shall include terms that:

3 (1) Allow the state to transition to a fee-for-service state-run Medicaid program within two

4 (2) years from the effective date of this section;

5 (2) Require managed care entities to meet a medical loss ratio (MLR) of greater than ninety
6 percent (90%), net of pharmacy benefit manager costs related to spread pricing;

7 (3) Require managed care entities to remit to the state Medicaid program excess capitation
8 revenues that fail to meet the ninety percent (90%) MLR; and

9 (4) Set forth penalties for failure to meet contract terms.

10 (h) The attorney general shall have authority to pursue civil and criminal actions against
11 managed care entities to enforce state contractual obligations and other legal requirements.

12 SECTION 2. 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 oversee an audit of Medicaid programs
2 administered by managed care organizations. The auditor general would report findings to the
3 general assembly and the director of the executive office of health and human services (EOHHS)
4 within six (6) months of the passage of this bill. If the auditor concludes that a fee-for-services
5 state-run Medicaid program could provide better savings, access and outcomes than the current
6 managed care system, the office of health and human services and the auditor general would
7 develop a plan for the state to transition to a state-run fee-for-service program within two (2) years
8 from the effective date of this act.

9 This act would take effect upon passage.

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