



Director's Office

One Capitol Hill | Providence, RI 02908 | (401) 222-2280

April 15, 2026

The Honorable Arthur J. Corvese
Chairperson
House Committee on Labor
Rhode Island House of Representatives
82 Smith Street
Providence, RI 02903

Re: House Bill No. 7967 -- An Act Relating To Labor And Labor Relations -- Labor Relations Act--No Limitation On Healthcare Benefit Providers

Dear Chairperson Corvese:

Thank you for providing the Department of Administration ("Department") the opportunity to submit comments in response to House Bill No. 7967, which repeals the law that prevents a collective bargaining agreement covering state employees, public school teachers and municipal employees from specifying a particular healthcare provider in it.

The State self-funds and designs its employee health care programs. Instead of purchasing set insurance policies, the State-designed plans – which are a direct result of negotiations with the State's 50+ bargaining units – are managed by a third-party healthcare benefit administrator(s), which is selected through a competitive Request For Proposals (RFP) process. Bypassing the procurement process and selecting an administrator through distinct collective bargaining efforts could present compliance issues with the competitive solicitation requirements set forth in the State Purchases Act (R.I. Gen. Laws § 37-2-1 et. seq.).

Further, the healthcare benefit administrators currently bid based on known enrollment numbers and programs for which they need to provide administrative support for the State and its employees. The State then sets yearly rates based on all factors that apply to the State workforce, including the projected medical claims of the State employee population. The Administrator pays the provider claims directly and is then reimbursed by the State from our internal health care fund, which is seeded by employer and employee contributions. If the bargaining units select multiple different healthcare benefit administrators, this will create a significant vendor manager and administrability problems for the State, having to coordinate benefits and claim reimbursement across multiple vendors. The State is also currently able to leverage its purchasing power and large risk pool to ensure the best possible rates. If different bargaining units were to split off and divide their members across multiple healthcare benefit administrators, increased rates for at least of portion of the population is highly likely.

The Department appreciates the opportunity to share our concern over this legislation with the Committee. If there are any questions, please feel free to contact my office at your convenience.

Sincerely,

Thomas A. Verdi
Acting Director, Department of Administration

cc: The Honorable Members of the House Committee on Labor
The Honorable Jon D. Brien
Nicole McCarty, Esq., Chief Legal Counsel to the Speaker of the House
James DeCastro, Committee Clerk