Pritzker Trust Bought Stock in a Top Illinois Contractor After He Was Elected Governor

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The blind trust set up to manage Gov. J.B. Pritzker’s vast wealth bought stock in one of the state’s biggest Medicaid contractors in 2020, the same year his administration made several decisions that benefited the company’s bottom line.

The purchase of stock in health insurance giant Centene Corp. was made on behalf of the billionaire governor by trustees at Northern Trust, appointed by Pritzker to independently manage his portfolio to separate those investment decisions from his role as the state’s most powerful elected official.

The investment in Centene — which collected more than $2.6 billion from state Medicaid contracts in the first half of 2021 alone — demonstrates the pitfalls of a blind-trust arrangement that still leaves the nation’s richest governor open to potential conflicts of interest.
The acquisition by Pritzker’s trust came despite his campaign pledge to purge his personal portfolio of companies holding state contracts. He also promised, as governor-elect, to make charitable contributions matching gains in his trust’s holdings from entities that hold state contracts.

The issue of stock purchases by elected officials is now being debated in Congress, which is considering an array of strengthened stock disclosure laws aimed at stopping lawmakers from profiting from their access to insider information. The stock holdings of judges and federal banking officials also have come under scrutiny.

Experts interviewed by the Better Government Association say the governor could have avoided the potential conflict by instructing his trust managers to refrain from investing in state contractors. Pritzker’s spokespeople declined to say whether he ever considered doing so.

“I don’t see why a trustee couldn’t operate within those bounds — especially given that he seems to have acknowledged the potential of a conflict with his pledge” to divest of companies that hold state contracts, said Eleanor Eagan of the Center for Economic and Policy Research, based in Washington, D.C.

Neither Pritzker representatives nor the managers of his trust would say how much the investment in Centene is worth to Pritzker’s bottom line. They also declined to say specifically when the stock purchase was made.

Asked whether the governor — after learning he became invested in one of the state’s largest contractors sometime during 2020 — took steps to recuse himself from decisions that directly affected the company’s finances, his spokeswoman said he has not.

“The governor is not involved in the contracting process related to Centene,” said Jordan Abudayyeh, Pritzker’s communication director. “There is nothing he would have to recuse himself from.”

She referred all other questions about the trust investment in Centene to Pritzker’s campaign officials.

Experts interviewed by the BGA said there is a conflict of interest if the state has contracts with a company in which the governor’s trust holds stock.
“Absolutely,” said Eagan. “I don’t really see how one can argue otherwise.”

The stock purchase was first disclosed May 3, 2021, four days after Pritzker signed his annual economic disclosure statement—a document detailing real and potential financial conflicts of interest that all state elected officials must fill out—listing Centene among more than 300 investments in 2020, each with a value of more than $5,000.

Pritzker, who is running for re-election this year, declined to be interviewed about the blind trust or the decisions he or his administration made that benefited Centene at a time when his personal wealth may have been affected by those decisions.

However, both his lawyer and a campaign spokesman said it would be unfair to suggest any connection between the decisions the governor has made as a public office holder and any boost to his personal fortune.

“Gov. Pritzker’s trust is blind,” said campaign spokeswoman Natalie Edelstein. “This means he is not a part of any decisions, nor does he have any information regarding any investments.

“He receives no regular reporting on what the trustees and investment advisors decide to purchase and plays no role in any investment decisions. Period,” she said. “Any reporting that would suggest otherwise ignores critical facts and would be grossly inaccurate.”

Pritzker’s attorney, Marc Elias, echoed that claim with an even stronger rebuke.

“The only information he received is a ready-to-file Statement of Economic Interest, which contains no values,” said Elias in a written statement to the BGA. “To suggest otherwise is not only inaccurate but potentially libelous.”

The purchase of Centene stock highlights potential problems with the inadequacy of blind-trust arrangements to completely shield elected officials from receiving information about investments made on their behalf. In the case of Pritzker’s blind trust, wealth management trustees at Northern Trust provide Pritzker a list of his investments each year—a list to which he must attest as a requirement of state conflict of interest and disclosure laws.

“It’s a blind trust in the way of—put your hand over one eye,” said Jay Young,
The executive director of Common Cause, an organization that advocates for government transparency.

The Pritzker camp declined to provide a copy of the trust agreement and would not disclose the name of the trust. Edelstein said under the rules of the blind trust, Pritzker cannot communicate with the managers of his wealth, order them to buy or sell assets, or inquire about potential conflicts of interest between his wealth and his public actions.

Centene officials issued a brief emailed statement stating the company “was not aware of Gov. Pritzker being a record holder of its stock.”

**Centene contracts overseen by governor’s office**

A BGA review of public records shows the purchase of Centene stock could have been made any time between Jan. 1, 2020, and Dec. 31, 2020. While the blind trust is designed to guard Pritzker from knowing when the investment in Centene was made, actions taken by his administration nevertheless benefitted the big health care company.

Starting in 2019 and continuing into 2020, Centene faced antitrust concerns during its $17 billion acquisition of Medicaid insurer Wellcare. The Pritzker administration helped Centene **overcome federal antitrust scrutiny** by reassigning thousands of Centene patients into other plans.

The state of Illinois also oversaw **Centene’s June 2020 acquisition** of state Medicaid contractor NextLevelHealth Partners. The transfer gave Centene a toehold in the lucrative Cook County Medicaid market.

And in September 2020, the state enrolled 36,000 juvenile state wards to a Centene subsidiary named YouthCare **amid concerns** from foster parents and child welfare advocates about Centene’s performance.

While all those decisions by the Pritzker administration affected Centene’s operations in Illinois and nationally, it is unclear from public records whether they significantly altered the company’s stock prices. However, Centene referenced these developments in the highlights of its annual statements to stockholders or in press releases.

In a written response to BGA questions, Centene officials said they worked with
multiple state agencies over a year. “To imply that this approval was the decision of an individual elected official is completely inaccurate,” the statement said.

Centene has become a dominant player in the lucrative world of low-income health care as increasing numbers of states turn their Medicaid programs over to for-profit insurance contractors.

Since 2019, Centene has reported nationwide annual profits of more than $1 billion. Its stock price increased from $60 per share at the beginning of 2020 to $83 on Feb. 11, 2022, amid an upward trend for the U.S. stock market, including health care stocks.

A glimpse of Centene’s prominence as an Illinois contractor came in the first six months of 2021, when Illinois paid $2.6 billion to Centene subsidiary Meridian Health Plan of Illinois to serve Medicaid patients, and Centene reported profits of $99 million from that portion of its contract alone. It is not clear from public records whether Pritzker’s blind trust continued to hold Centene stock during this period.

Since 2019, Centene has contributed more than $186,000 to Illinois political campaigns of both parties and more than $1 million to numerous federal politicians of both parties. None of those contributions went to Pritzker’s campaigns.

Pritzker’s promises

In 2019, Pritzker took office assuring voters he would divest his portfolio of companies with state contracts, and also promised to make charitable contributions equal to any trust investment that made money from a state contract during his term.

It is not clear how and when Pritzker might learn of such a profit and how he would publicly calculate the personal investment gain, given the secrecy requirements of a blind trust.

His promises went a step further than the typical blind-trust arrangement many wealthy elected officials employ. During his campaign, Pritzker called prior Gov. Bruce Rauner’s investment arrangement a “charade” because Rauner placed his holdings under the control of a private equity company in which Rauner had
invested.

Pritzker’s representatives say the blind trust prohibits the governor from knowing the amount, status or timing of any of his investments — with state contractors or not. They say he is also restricted from communicating with the trustees on any matters, even to ask them to divest.

“A blind trust is an imperfect solution to dealing with conflicts of interest,” said Eagan, who researches stock investments by lawmakers. “Public officials know what goes into the blind trust, and they also then get an update every year of what’s in there.”

“If the beneficiary can easily know what assets are in the trust, that takes care of just how ‘blind’ this trust is — not very,” Columbia Law School professor Richard Briffault told the BGA.

Illinois is not among the 10 states with rules governing how public officials should set up blind trusts to avoid conflicts, according to research by the National Council of State Legislatures. Alaska, for instance, stipulates that trust managers should avoid investments in companies subject to the official’s oversight.

“Generally speaking, the best way in our view to manage conflicts of interest is to divest into broadly held mutual funds or other sorts of instruments where you can’t really affect the broad movements of those financial interests,” said Eagan of the Center for Economic and Policy Research.

**Another state contractor among investments**

Besides the Centene stock investment, the BGA found Pritzker’s trust in 2020 made at least one additional stock acquisition in a company with state business, according to Pritzker’s disclosures and the Illinois Comptroller’s office.

The trust acquired stock in the CSX Corp., the rail services giant, which has held about $13.4 million in state business with the transportation department dating back to 2009.

Pritzker’s Centene stock ownership is also notable given Pritzker’s 2018 criticism of Rauner for being slow to recoup millions of dollars in profits taken by Illinois Medicaid contractors.
“While costs skyrocket for his secret Medicaid overhaul, Bruce Rauner is negligent in recouping tens of millions of dollars in overpayments to insurers,” Pritzker said in a March 2018 statement during his run to unseat Rauner. “Incredible sums of taxpayer dollars are falling through the cracks, and there’s no one in charge to stand up for hardworking Illinoisans.”

The Pritzker administration in 2020 and 2021 worked with the association of for-profit Medicaid insurance contractors, which includes Centene, to scuttle a proposed bill by Democratic state Sen. David Koehler of Peoria to “claw back” COVID-19-era profits from Medicaid contractors, including Centene, according to government emails obtained by the BGA.

Pritzker’s administration says Koehler’s clawback bill would have put federal funding at risk and raised costs for taxpayers and it added that Illinois expects to recoup $220 million from Medicaid managed care organizations, including Centene, once an analysis of 2020 bills is completed later this year.

The heir to a sprawling business fortune, Pritzker has a net worth of $3.6 billion and is among the richest politicians in the U.S. His extensive offshore holdings and his decision to release only summary tax reports have made it difficult for the public to understand whether his personal investments might influence his administration’s policy decisions. In addition to the trust investments Pritzker publicly discloses, he also benefits from family trusts held in offshore accounts.

BGA investigative reporter Jared Rutecki contributed to this article.