



March 5, 2025

The Honorable Marvin Abney, Chairman
House Finance Committee
State House
Providence, RI 02903

Subject: Opposition to H.5076, Article 10, Section 1 regarding the Functional Elimination of Rhode Island's Certificate of Need Process

Dear Chairman Abney,

We are writing to express strong opposition to the proposal in Article 10, Section 1 of the Governor's FY 2026 budget to functionally eliminate Rhode Island's current Certificate of Need (CON) process through amendment of Article 10 Relating to Health and Human Services. Specifically, section(s) 23-15-2.2, 23-15-2.5, and 23-15-2.8, "affected person" definition change, "capital expenditure" threshold increase to \$50,000,000, and changing the definition of "healthcare facility" to unfairly target hospitals, nursing facilities, inpatient rehabilitation hospital centers, and freestanding emergency rooms respectively. These changes invite out-of-state private equity and for-profit entities to take advantage of these amended rules to further weaken an already fragile healthcare delivery system.

The CON process is a critical safeguard that ensures healthcare investments align with community need and do not undermine the financial stability of existing providers, particularly hospitals. Functionally eliminating CON risks further destabilization of Rhode Island's healthcare system, jeopardizing the financial health of hospitals and providers, as well as patient access, affordability, and quality of care.

Of note, we support section 23-15-2.14 which eliminates unnecessary regulatory burden for routine clinical equipment replacement.

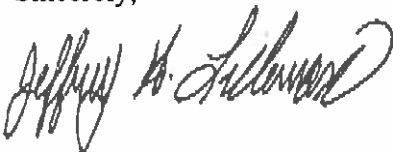
In its current form, Rhode Island's CON regulations, specifically the sections of concern noted, are essential for:

- **Preventing Market Oversaturation** – The CON process ensures that new healthcare facilities are introduced based on demonstrated community need, preventing unnecessary duplication that could destabilize existing providers and lead to inefficiencies and higher costs.

- **Protecting Community and High-Medicaid Utilization Hospitals** – Without CON, new healthcare facilities will siphon off profitable services (e.g., outpatient surgery, procedures, and diagnostic imaging), leaving hospitals with a disproportionate burden of unprofitable but essential care services.
- **Ensuring Financial Sustainability of Existing Providers** – Rhode Island’s hospitals operate on razor-thin margins, driven in large part by unfair reimbursement rates up to 30% lower than neighboring Connecticut and Massachusetts. Irresponsible expansion could further strain their financial viability, leading to service reductions and more closures.
- **Guaranteeing Equitable Access** – The CON process prevents cherry-picking of high-revenue services by private investors, protecting hospitals in underserved communities that provide a disproportionate share of behavioral health, maternity, and emergency care services.
- **Long-Term Healthcare Planning and Public Health Prioritization** – CON facilitates strategic planning by ensuring healthcare providers collaborate with state regulators on significant capital investments, aligning healthcare growth with Rhode Island’s broader public health objectives rather than short-term financial incentives.
- **Containing Costs** – Unchecked expansion leads to unnecessary spending on redundant facilities, driving up healthcare costs for patients, insurers, and the state. CON helps manage overall system expenditures and prevents inefficiencies.
- **Protecting Underserved Communities** – Without CON, private equity investors will work to concentrate services in affluent, commercially insured areas, leaving vulnerable populations with diminished access to critical healthcare services.
- **Maintaining Quality and Patient Safety** – CON ensures healthcare services meet rigorous standards, ensuring high-quality, comprehensive care rather than profit-driven ventures that cut corners to maximize profits.
- **Preserving Workforce Stability** – Rhode Island already faces a severe healthcare workforce shortage, including but not limited to a shortage of doctors, advanced practice providers, and nurses. Unregulated expansion will further strain labor resources, as freestanding healthcare facilities with hours of operation limited to normal business hours force hospitals that operate 24 hours a day 365 days per year into unfair competition for an already limited pool of qualified professionals.

For these reasons, we urge you to oppose any effort to eliminate or weaken the current CON regulations. Thank you for your time and consideration. We appreciate your leadership in protecting Rhode Island’s healthcare system.

Sincerely,



Jeffrey Liebman
 CEO
 CharterCARE Health Partners



Mike Souza
President & CEO
Landmark Medical Center



Aaron Robinson
President & CEO
South County Health

cc: House Finance Committee members
The Honorable Peter Neronha, Attorney General
Mr. Richard Charest, Secretary EOHHS