



March 5, 2025

House Finance Committee

Rhode Island State House

82 Smith Street

Providence, RI 02903

RE: H5076 - Article 8 - Opposition to the Proposed Cut in the COLA for Nursing Homes

Chairperson Abney, Members of the House Finance Committee,

On behalf of LeadingAge Rhode Island, which represents nonprofit nursing homes and senior care providers across the state, we submit this testimony in strong opposition to the proposed reduction in the Cost of Living Adjustment (COLA) for nursing homes as outlined in the FY26 Budget, specifically in Section 40-8-19, pages 202, line 23 through page 205, line 6.

The financial situation for Rhode Island's nonprofit nursing homes is already at a breaking point. The proposed COLA cut is not just an unfortunate policy decision—it is a direct threat to the viability of the state's nursing homes and the well-being of thousands of seniors who rely on them for care.

Addressing the 14% Increase from Last October's Rerarray

We recognize that some members of the General Assembly may believe this cut is justified because the nursing home industry received a 14% rate increase last October as part of the rerarray process. However, this increase must be viewed in its full context.

Had the rerarray maintained the original methodology of paying a direct labor cost above the median, the increase would have been much higher. Instead, the state reduced the methodology to the 40th percentile, significantly underfunding the true cost of labor in Rhode

Island's nursing homes. The result is that while a 14% increase sounds substantial, it still fails to fully account for the skyrocketing costs of providing care—particularly wages for frontline staff, which continue to rise as we struggle to compete for workers in a tightening labor market.

The State of Rhode Island's Nursing Homes

Rhode Island's nursing homes are facing unprecedented financial headwinds. Costs continue to rise while reimbursement rates fail to keep pace. Staffing shortages, inflationary pressures, and regulatory demands have created a fragile ecosystem where facilities are struggling to maintain operations. Even before this proposed cut, expenses for care delivery have already outpaced revenues, placing extreme financial strain on providers.

The proposed COLA cut is crippling. It will exacerbate existing financial pressures, forcing many facilities to consider closing their doors or significantly reducing services. If enacted, this policy will put the most vulnerable Rhode Islanders—our elderly and disabled citizens—at risk of losing access to the care they need and deserve.

A Growing Crisis: The Threat of More Nursing Home Closures

Rhode Island has already seen multiple nursing home closures in recent years. With the additional reductions in federal funding on the horizon, this proposed cut will only accelerate the collapse of our long-term care system. The most at-risk facilities are nonprofit nursing homes, which already operate on thin margins and prioritize patient care over profits. Without sustainable funding, they cannot continue to provide high-quality services.

Impact on Workforce and Patient Care

This cut will directly impact our dedicated workforce—nurses, certified nursing assistants (CNAs), and support staff—who work tirelessly to care for our most vulnerable residents. Underfunding will lead to lower wages, increased turnover, and difficulty attracting the skilled professionals needed to maintain high standards of care. Ultimately, this will lead to declining care quality, longer wait times, and greater strain on families seeking safe placements for their loved ones.

A Call to Action: Protect Rhode Island's Seniors

We urge the General Assembly to reject the proposed COLA cut and instead commit to policies that sustain and strengthen Rhode Island's nursing homes. Our seniors deserve dignity, quality care, and the assurance that the services they need will be there when they need them. Cutting

essential funding now will only create a deeper crisis that will cost the state more in the long run.

We stand ready to work with the legislature and state agencies to find solutions that balance fiscal responsibility with the need to protect our most vulnerable citizens. Thank you for your time and consideration. I am happy to answer any questions you may have.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'F. McMahon', with a long horizontal line extending to the right.

Francis X. McMahon, Esq.

LeadingAge Rhode Island