



State of Rhode Island
Office of the General Treasurer

James A. Diossa
General Treasurer

2 April 2025

The Honorable Alex Marszalkowski
Chair, House Subcommittee on General Government

The Honorable Members of the House Subcommittee on General Government

RE: 2025-H 5076, *Budget of the Office of the General Treasurer*

Chair Marszalkowski and Members of the House Subcommittee on General Government:

I write to provide further clarification regarding several questions posed by members of the Subcommittee during the March 27, 2025, hearing on the Treasurer's budget and proposed additions thereto. Each question is addressed in turn below:

I. Relocation of Treasury's Operations Center

During the hearing, members of the Subcommittee raised several questions concerning the relocation of Treasury's Operations Center, currently housed at 50 Service Avenue in Warwick. As Treasurer Diossa indicated during the hearing, Treasury has requested a budget allocation to relocate Treasury staff to a more suitable location. The Division of Capital Asset Management and Maintenance ("DCAMM") estimated relocation would cost approximately \$500,000. While relocation funds were not included in Governor McKee's proposed budget, Treasury reiterates its request for inclusion of these funds in the final Fiscal Year 2026 budget.

As proposed, the FY 2026 budget includes a \$9 million allocation to replace the HVAC system at 50 Service Avenue. To replace that system, Treasury staff working at that location – 72 of Treasury's 91 employees, with 83 workstations – *will* be required to move to a temporary space then return to 50 Service at a later date.

The presentation by House Fiscal staff indicates that DCAMM later decided not to move Treasury personnel during renovations. This decision was made absent Treasury input. But in order to replace the HVAC system for the entire building, contractors will need to remove large portions of the roof. The Treasury Operations center is housed on the second of two floors at 50 Service Avenue, directly underneath the roof. During this period, Treasury will also be without an HVAC system. Regardless of season, this will create very uncomfortable conditions for Treasury customers and staff that will

certainly disrupt workplace productivity. And as we all know, such projects are – by their very nature – loud, posing yet another disruption for an extended period of time. Considering these factors in their entirety, it is wholly unclear how Treasury could maintain current operations at 50 Service during a roof replacement and without a heating or cooling system.

As repeatedly stated during testimony at both this hearing of the Subcommittee and the March 4, 2025, hearing of the entire Committee, the proposed plan included in the budget is “silent on what happens to Treasury.” Instead of temporary relocation, renovation, and a later return to 50 Service, the Treasurer urges this Subcommittee to consider an allocation that would permit Treasury to move to a space which more adequately suits the Office’s needs.

There has been some suggestion that Treasury relocate to 115 Tripps Avenue in East Providence. The proposed location at 115 Tripps presents several concerns. Foremost, the square footage at 115 Tripps is inadequate. Treasurer Diossa has requested a budget allocation to fund relocation since he assumed office in 2023. Two of the primary motivating factors of this request are the adequacy of existing space, and efforts to consolidate Treasury offices.

Treasury currently maintains three separate office spaces: one at the State House, one at 50 Service, and one at the Department of Administration (“DOA”) building at 1 Capitol Hill. Treasury currently occupies 20,481 square feet at 50 Service Avenue and 1,988 square feet at DOA. The Operations Team has outgrown its existing space and requires additional square footage to maintain a functional workspace. The Treasurer also intends to consolidate the Operations Center and the investment staff – currently located at DOA – to increase communication between the Office’s investment, retirement, and cash management staff. All of these functions are deeply interrelated, and would greatly benefit from closer proximity and more frequent in-person communication. Therefore, Treasury anticipates the office will require approximately 25,000 square feet to properly accommodate both operations and investment staff.

The centrality of 115 Tripps also poses a concern. The Treasury Operations Center at 50 Service includes the Employees’ Retirement System of Rhode Island (“ERSRI”). This customer-facing team comprises about *half* of all staff currently located in Warwick. Among other responsibilities, ERSRI provides retirement counseling to the 60,000 active and retired members of the retirement system. As such, Treasury Offices must remain accessible to the public, particularly elderly residents who generally prefer in-person communications. Geographically, East Providence is not a centralized location that is easily accessible to retirees across our state, particularly those in South County, where many retirees reside.

During the hearing, the Subcommittee asked the Treasurer if he has identified a suitable space for relocation. It is true that Treasury has yet to identify a location. To do so, Treasury must issue an RFP. To issue an RFP, however, DCAMM requires Treasury first receive funds to relocate. Treasury has *already* finalized an RFP, and will issue it as soon as funds are made available.

II. Medical Debt Relief

In October, Treasury finalized a partnership with Undue Medical Debt (“Undue”) as third-party administrator for the Medical Debt Relief Program established under R.I. Gen. Laws § 35-4-21.1. Undue – formerly known as RIP Medical Debt – is a nationally recognized non-profit that has previously partnered with numerous state and local entities to abolish medical debt held by healthcare providers and secondary debt collectors. To date, Undue has abolished over \$15 billion in debt across the country. Undue is funded by charitable donations and state and federal grants, like that provided by the General Assembly. Currently, at least four other states and eight large municipalities – such as Washington, DC and New York, New York – have engaged Undue for similar services.

Upon entering into an agreement with a government entity, Undue communicates directly with area providers and secondary debt collectors to identify, acquire, and ultimately abolish qualifying medical debts for state residents.¹ Pursuant to state law, Rhode Island residents are eligible for relief if their medical debt amounts to 5% or more of their estimated annual income, *or* if their estimated annual income is below 400% of the federal poverty line. *See* R.I. Gen. Laws § 35-4-21.1.

Undue will only abolish any medical debt deemed “medically necessary” on treatment files obtained from the provider. As such, “medical necessity” is determined by health care professionals, rather than as a matter of policy. Qualifying medical debt must also be in collections. This means it must be at least several years old but will vary depending on billing practices adopted by different healthcare providers. New medical debt, therefore, is less likely to be covered under the Program. However, there is no upper limit on the age of qualifying debts.

Undue does *not* have access to any state-owned data when assessing eligibility for debt relief. Both before and after purchasing large debt files, however, Undue uses patented software that it has developed using (1) publicly available information and/or (2) information contained in patient account data files that it purchases from health care providers. That data includes patient demographic information, insurance status and payer, dates of service, outstanding balances, and other information that identifies which individuals qualify for debt cancellation and which do not. All of the data sharing complies with federal data protections under HIPPA. To the extent Undue acquires medical debt that cannot be paid using government funds (typically where it is owned by a healthcare facility owned by a government entity) or it exceeds allocated government funds, Undue will cover the cost using charitable donations.

III. Unclaimed Property

a. Securities

“[S]tock or other intangible ownership interest[s] in a business association” are presumed abandoned if the owner has not collected the past five “dividends, distributions, or other sums payable” as a result

¹ Providers and collectors must enter into a Business Associate Agreement and a Non-Disclosure Agreement with Undue to protect the confidentiality of patient health information consistent with federal law.

of interest and has not communicated – in writing or otherwise – with the business association for *at least* five years. R.I. Gen. Laws § 33-21.1-10 (a)-(b).

Under state law, Treasurer has the discretion to sell unclaimed securities in state custody. *See* R.I. Gen. Laws § 33-21.1-22 (c)-(d). Treasury must hold stock for “at least one year” before liquidation, “unless the [Treasurer] considered it to be in the best interest of the state to do otherwise.” *Id.* Prevailing law does not require public notice or advance authorization but does require “[s]ecurities listed on an established stock exchange” to be “sold at prices prevailing at the time of sale on the exchange.” R.I. Gen. Laws § 33-21.1-22 (b). A rightful owner – or his or her heirs or assigns – can claim the proceeds from a securities sale *in perpetuity*. *See* R.I. Gen. Laws § 33-21.1-22 (d).

The last securities sale occurred under the administration of Treasurer Seth Magaziner. This administration has yet to sell securities and has not adopted a formal policy concerning the sale of securities. To date, this administration has only sold securities upon request by the rightful owner while processing their claim.

b. Healthcare Provider Credits

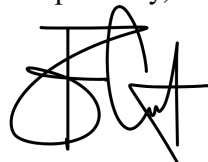
During the hearing, Representative Edwards inquired about a constituent’s experience with healthcare provider credits. Specifically, Representative Edwards raised concerns that some providers may remit funds to the Unclaimed Property Division rather than attempt to locate the rightful owner.

All intangible property – including cash and credits – are presumed abandoned *only* where the funds have “remained unclaimed by the owner for more than three (3) years after it became payable or distributable.” R.I. Gen. Laws § 33-21.1-2(a). Treasury *does not and cannot* accept intangible property unless this necessary pre-condition is satisfied. *Id.*

Based on available information, it is therefore unlikely that any cash or credit attributable to a citizen of this state was remitted to the unclaimed property division unless it had been uncashed and unclaimed for at least three years after the date it became payable. To Treasury’s knowledge, there is no cost savings to a business entity that attempts to remit intangible property to the state under the guise that it is unclaimed. Likewise, Treasury is not aware of any state law that expressly requires a private entity to locate the rightful recipient of intangible property, such as a healthcare credit.

If you have any further questions, please do not hesitate to reach out to me directly by phone at (401) 330-0661 or by email at Robert.CravenJr@treasury.ri.gov.

Respectfully,



Robert E. Craven, Jr.
Director of Policy and Intergovernmental Affairs
Office of the General Treasurer