



Rhode Island Executive Office of Health and Human Services
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March 27, 2025

The Honorable Susan R. Donovan, Chairwoman
House Committee on Health & Human Services
House Lounge, State House
Providence, Rhode Island 02903

RE: **2025 H 5426**- An Act Relating to Health and Safety – Licensing of Healthcare Facilities

Dear Chairwoman Donovan:

Please accept this letter of strong support for **2025-H 5426**, legislation introduced at the request of the Rhode Island Department of Health (RIDOH). If enacted, this legislation would provide penalties for failing to provide nursing home facility ownership information already required by R.I. Gen. Laws Section 23-17-65, passed by the General Assembly, and signed by Governor McKee in 2022. Additionally, this bill would require the disclosure of the transfer of certain assets of nursing home facilities.

There is a growing consensus nationwide that more frequent and transparent financial information is necessary to prevent financial insolvency of health care providers and facilities that rely on public funds and serve our vulnerable populations. This legislation provides that any nursing facility operator that fails to file the correct ownership information required by existing state law would, after receiving notice and the opportunity for a hearing, be subject, at the discretion of the RIDOH Director, to a financial audit and a possible fine.

If enacted, this legislation would also prevent nursing home facility owners from withdrawing more than three percent (3%) of their total reported annual revenue in any given year without prior approval from RIDOH. The adoption of the proposed three percent (3%) equity cap will enable RIDOH to monitor the fiscal situation of nursing homes before there is a significant loss of nursing home patient quality care and/or severe financial distress.

A large percentage of Rhode Island's nursing home residents are supported by Medicaid dollars to care for mostly older adults who are medically and financially needy. This proposal would work toward ensuring access to quality health services for this particularly vulnerable population. In addition, the proposed legislation will serve to safeguard taxpayer-funded Medicaid dollars and encourage the operators of nursing facilities to re-invest equity to directly benefit their residents, ensuring the delivery of high quality of care.

Other states have adopted similar legislation. Specifically, New York enacted a similar statute that has withstood a constitutional challenge in the New York court system. See *People v. Abraham Operations Assocs.*, 2023 N.Y. Slip Op. 32592 (N.Y. Sup. Ct. 2023). Together, these two enhancements to current law, if enacted, will enable state regulators to identify and monitor the financial solvency as well as the amount of funds being withdrawn from nursing homes, to ensure the health and safety of our Rhode Islanders residing in nursing facilities.

In partnership with RIDOH, the Rhode Island Executive Office of Health and Human Services (EOHHS) will work to implement the provisions of **2025- H 5426**, if enacted. Thank you for the opportunity to comment on this important legislation.

Sincerely,

Richard Charest, R.Ph., MBA, Secretary

CC: Honorable Members of the House Committee Health & Human Services
Honorable June Speakman
Nicole McCarty, Esq., Chief Legal Counsel
Lynne Urbani, Director of House Policy