



# Rhode Island Health Care Association

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## Testimony in Opposition to H 7172 Health Care and Social Services Transaction Review and Significant Equity Investor Disclosure Act

Tuesday, April 14, 2026

Chairman and Members of the Committee:

My name is John Gage, President and CEO of the Rhode Island Health Care Association (RIHCA), which represents approximately 80 percent of the nursing facilities in Rhode Island. I respectfully submit this testimony in opposition to H 7172.

Let me begin by stating that our members support transparency and accountability in healthcare ownership and operations. However, H 7172 is unnecessary and duplicative of an already robust, highly prescriptive regulatory framework that governs changes in ownership and control of nursing facilities in Rhode Island.

Under existing Rhode Island Department of Health (RIDOH) requirements, any change in ownership of a nursing facility triggers a **Change in Effective Control (CEC)** review. This process is comprehensive and includes detailed disclosures regarding ownership structure, financing, governance, and operational plans. It also requires extensive documentation, background checks, and financial review.

Importantly, the CEC process is not merely administrative—it is time-intensive and involves multiple layers of review. Applications are thoroughly vetted by RIDOH staff and ultimately presented to the Health Services Council, which provides a recommendation to the RIDOH Director before any approval is granted. This process already ensures that transactions are carefully scrutinized for their impact on quality, access, and financial stability.

H 7172 would create a parallel and overlapping review structure that adds additional notice requirements, expanded disclosure obligations, and the potential for ongoing reporting for up to five years. While coordination provisions are included in the bill, in practice, providers will still face increased administrative burden, uncertainty, and delays.

### Operational Concerns

For nursing facility providers, the practical implications of this bill are significant:

- **Transaction Delays:** Adding a separate 60-day notice requirement—on top of the already lengthy CEC process—will further delay transactions. These delays can jeopardize time-sensitive financing arrangements and hinder the ability to respond to market or operational needs.

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A non-profit organization of proprietary and non-proprietary long term health care facilities dedicated to improving health care of the convalescent and chronically ill of all ages. An equal opportunity employer.

- **Increased Administrative Burden:** The bill introduces new and potentially duplicative reporting requirements, particularly for transactions involving management services organizations (MSOs) and investors. Providers will need to dedicate additional legal and administrative resources to comply.
- **Workforce and Resident Impact:** Delays or uncertainty in ownership transitions can directly affect staffing stability and continuity of care. In a sector already facing workforce shortages, this added uncertainty is particularly concerning.

### Legal and Regulatory Concerns

- **Duplication of Existing Authority:** RIDOH already has broad authority to review ownership changes, including financial viability and operational competency. H 7172 risks creating conflicting or redundant standards across agencies.
- **Ambiguity in Scope:** The bill's definitions of "control," "material change," and "significant equity investor" are broad and could capture routine business arrangements, creating confusion and overreach.
- **Expanded Oversight of MSOs:** The inclusion of MSOs and related-party agreements introduces new regulatory oversight into structures that are already governed by contractual and licensing frameworks, raising concerns about regulatory creep.
- **Uncertain Coordination:** While the bill allows for coordination with existing processes, it does not clearly establish a single, streamlined pathway for compliance. This creates the risk of duplicative filings and inconsistent timelines between RIDOH and the Attorney General.
- **Ongoing Reporting Requirements:** The potential for up to five years of post-transaction reporting creates long-term regulatory uncertainty and may discourage investment in Rhode Island's long-term care sector.

### Conclusion

Rhode Island already has one of the most rigorous review processes in the country for nursing facility ownership changes. H 7172, while well-intentioned, would layer additional requirements onto an already complex system without clear benefit.

At a time when our sector is facing significant financial and workforce challenges, it is critical that we avoid policies that add unnecessary administrative burden, delay needed transactions, and create regulatory uncertainty.

For these reasons, we respectfully urge the Committee to hold H 7172 for further study or oppose its passage.

Thank you for the opportunity to provide testimony on H7172.

Respectfully submitted,  
 John Gage  
 President & CEO  
 Rhode Island Health Care Association