



**Lifespan**

*Delivering health with care.*

February 26, 2024

The Honorable Marvin L. Abney  
Chair, House Finance Committee  
State House  
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Providence, RI 02903

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**John Fernandez**  
*President and  
Chief Executive Officer*

**RE: H.7225 Article 9 Sections 1 and 3**

Dear Chairman Abney:

Lifespan writes in support of H.7225, Article 9, Sections 1 and 3 of the Governor's proposed FY25 budget. As you know, this will maintain the critical changes made in last year's budget regarding hospital provider taxes and Medicaid managed care state directed payments.

Maintaining this new paradigm of state directed payments is a critical component of hospital reimbursements as it continues budget stability from Medicaid at a time when our hospitals are still recovering from workforce shortages and record high inflation. Recruiting and retaining top talent including physicians, nurses, laboratory technicians, researchers and other vital staff remains a primary focus for us. Rhode Island hospitals and health care systems are competing in a regional marketplace, and we are reimbursed significantly less for the same service or procedure done in Massachusetts and Connecticut. As a not-for-profit health system, we need a margin to invest back in recruiting and maintaining the best physicians and staff, providing care to all of our patients including our uninsured and underinsured, and in maintaining and modernizing our facilities. This new model of state directed payments approved in last year's budget and included in the Governors proposed SFY25 budget is a step in the right direction to give hospitals the financial stability to actively reinvest in our workforce, our communities, and our facilities in FY25 and future years.

We appreciate the support of the House Finance Committee and the General Assembly as we worked together last year to reform the hospital payment model as well as the ongoing support now to continue it. This budget will ensure we will be able to continue to provide world class care to Rhode Islanders, and the region.

Sincerely,

John Fernandez  
President & Chief Executive Officer