



Rhode Island Health Care Association

57 KILVERT STREET, SUITE 200, WARWICK, RI 02886-1009 (401) 732-9333

FAX (401) 739-3103 www.rihca.com

House Committee on Finance Testimony

Article 8 (Section 4) & Article 10 (Sections 1 & 2)

Good Afternoon/Evening-

My name is John Gage, President & CEO of the Rhode Island Health Care Association (RIHCA). RIHCA represents its sixty-two (62) member nursing facilities – 80% of the profession.

Article 8 (Section 4): Oppose

Article 8, Section 4 implements a reduction to the statutory inflation index effective 10/1/25.

- While we understand that FY2026 is a difficult budget year, we oppose the reduction from the estimated 4.2% increase to just a 2.3% increase
- Proposal would save \$3.2 million in state funds and result in a reduction in reimbursement to nursing facilities by \$7.7 All Funds
- Nursing facilities are already underfunded, and this cut has serious impact given the ongoing economic conditions – increasing inflation on energy, food, medical supplies, etc. as well as pressures related to a chronic workforce shortage that has disproportionately impacted nursing facilities
- RIHCA request of the members of the House Finance Committee would be to restore the full increase of 4.2%

Article 10 (Section 1): Support

Article 10, Section 1 eliminates the CON requirement for existing nursing facility bed increases. The current statute requires a CON for bed increases of 10 beds or 10% of existing bed capacity. Article 1 would remove this regulatory burden and allow nursing facilities to add capacity to meet the expected increase in demand for services as demographics demonstrate a dramatic increase in the 85+ population in the next 5-10 years. RIHCA supports this proposal.

“Setting the Pace in Nursing Home Care”

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.

Article 10 (Section 2): Support

Article 10, Section 2 provides a comprehensive solution to the current nursing home staffing mandate.

- Originally passed in May of 2021, the minimum staffing mandate, if enforced, would devastate the nursing home sector in Rhode Island.
- As passed, the statute implemented the highest state staffing mandate in the country in the midst of a global pandemic and without any requisite funding to increase staffing levels.
- Penalties would put facilities out of business, displace Rhode Island's most frail elders and eliminate jobs.

RIHCA submitted two (2) handouts

- The first handout lays out the serious problems related to implementing and enforcing the staffing mandate
 - 87% of RI facilities cannot comply based on data from the 2nd Quarter of 2024 (the latest available Medicare staffing data)
 - Penalties for Q2 2024 would be \$19.2 million – at the 200% penalty level
 - Penalties escalate in subsequent quarters – to 250% in the second quarter of non-compliance and 300% for ongoing quarters
 - The resulting penalties would exceed \$100 million (An average \$1.4 million per facility)
 - The existing legislation was approved with the best of intentions, to improve the quality of care for RI's nursing home residents
 - The result of its implementation, however, would fine nursing facilities by more than \$100 million – resulting in mass closures of facilities, displacing residents, eliminating healthcare jobs and disrupting hospitals that will have limited to no placement options for patients who no longer require hospital level care but require too much care to go directly home. There needs to be a comprehensive solution
 - A comprehensive solution is included in this article
 - Broaden the definition of "Direct Care Workers" included in the mandate
 - Provide Waiver Provisions through RIDOH
 - Adjust penalty provisions to be punitive in nature rather than devastating

- The second handout illustrates three (3) scenarios
 - RI's existing unfunded staffing mandate
 - The Medicare Federal Staffing Mandate
 - The Governor's Proposed Budget Solution
- Review specifics of scenarios

RIHCA wholeheartedly supports Article 10, Section 2. We thank Governor McKee for his leadership in providing a comprehensive solution to the staffing mandate in his FY26 budget.

We ask that members of House Finance support this budget article.

Questions?

Thank you,

A handwritten signature in blue ink, appearing to read 'John E. Gage', with a stylized flourish extending to the right.

John E. Gage, MBA, NHA
President & CEO

The staffing mandate penalties will put Rhode Island's frailest nursing home residents on the streets...

87 PERCENT *

62 of 73 (87.7%) R.I. nursing facilities did not meet the R.I. Staffing Mandate, which is the highest state mandate in the nation.

\$19 MILLION *

Total fines for non compliance totaled \$19,153,954 for one quarter of penalties as R.I. nursing homes face the highest penalties in the nation.

\$100 MILLION *

The estimated fines facing R.I. nursing facilities in one year total \$100,558,257, as R.I. nursing homes face the highest penalties in the nation



\$1.4 MILLION

The average fine for Rhode Island nursing homes would be \$1,377,510.37 in the first year alone, resulting in closures for the vast majority of R.I. nursing homes.

TAKE ACTION

Broaden Definition

Expand the direct care definition to include important members of the care team

Provide Waivers

Provide waiver provisions for nursing homes who show good faith efforts to hire/recruit staff and based on the acuity of patients in individual nursing homes

Reasonable Penalties

Develop a penalty provision that will not bankrupt an entire industry

Protect the Future of R.I. Nursing Facilities

Data based on the Centers for Medicaid and Medicare Services (CMS) Payroll Based Journal



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Devastating Financial Impacts of Staffing Mandates to RI Nursing Facilities

The Rhode Island Health Care Association recently engaged Forvis Mazars to provide information and analysis on increases in staffing costs for skilled nursing facilities in Rhode Island for the last five years, as well as to analyze additional costs for various unfunded staffing mandate scenarios, as further described below.

EXISTING R.I. UNFUNDED MANDATE

- 3.81 total staffing hours per resident day
 - Direct Care RN/LPN, Med Tech, CNA, PT, PTA, SLP, and OT, A mental health worker who is also a certified nurse assistant
- 2.6 CNA HPRD
- No waiver
- Excessive and punitive fines and penalties

FEDERAL STAFFING MANDATE

- 3.48 HPPD total nurse staffing hours Per Day
 - Directors of Nursing, RNs/LPNs with Administrative Duties RNs, LPNs, CNAs, Nurse Aides in Training, Med Techs
- 0.55 RN HPPD
- 2.45 NA HPPD
- Waiver available
- No penalties

PROPOSED BUDGET SOLUTION

- 3.81 total nurse staffing hours per resident day
 - Director of Nursing, nursing admin, direct care RN, LPN, Med Tech, CNA, CNA in training, PT, PTA, SLP, OT, COTA, Respiratory Therapist, Social Worker, Activity Director, or Aide, A mental health/CNA
- .22 CNA HPPD (Including Med Techs)
- Reduced fines and penalties

Cost of Unfunded Mandates

EXISTING R.I. UNFUNDED MANDATE

The cost would be
\$43,440,000
annually to implement

FEDERAL STAFFING MANDATE

The cost would be
\$18,600,000
annually to implement

PROPOSED BUDGET SOLUTION

The cost would be
\$6,180,000 annually to implement