



May 7, 2025

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

Subject: H5076 Article 10 Governor's Budget Amendment #13 —Health Care Systems
Fiscal Integrity

Dear Chairman Abney,

On behalf of the Rhode Island Business Group on Health (RIBGH) and our more than 80 member organizations representing tens of thousands of Rhode Island employees and their families, I write to express our strong support for **Chapter 7.5 of the 2026 Governor's Budget Amendments**, entitled *Health Care Entity Fiscal Integrity, Transparency, and Accountability*.

This legislation represents a critical and long-overdue step toward **ensuring financial transparency and stability among hospitals and other health care organizations operating in Rhode Island**. It will help policymakers, payers, employers, and the public better understand the financial health and decision-making of institutions whose operations directly impact health insurance affordability and access to care.

We strongly endorse the following elements of the proposal:

- **Mandatory Quarterly Financial Reporting** by hospitals, nursing homes, large physician groups, FQHCs, and behavioral health clinics.
- **Standardized Audited Financial Statement Requirements** in line with Generally Accepted Auditing Standards.
- **Timely Public Disclosure of Non-Confidential Findings** that will strengthen trust and accountability.
- **Clear Definitions and Corrective Actions** for addressing financial distress, bad debt, and imminent jeopardy.
- **Penalties for Non-Compliance**, ensuring consistent and timely participation by covered entities.

- **Creation of a Restricted Receipt Account** to support technical review, corrective planning, and potential emergency stabilization efforts.

Rhode Island is not alone in recognizing the need for greater transparency. States such as **Massachusetts, California, Oregon, and Connecticut** already require hospitals and other provider systems to publicly disclose financial statements, executive compensation, and related-party transactions. This practice has **illuminated questionable cross-subsidies, excessive overhead spending, and affiliate pass-through costs**—concerns that we believe are also relevant here in Rhode Island.

Indeed, recent analysis shows that **Rhode Island hospitals report among the highest overhead costs in the country as a percentage of total expenses**, and commercial insurance premiums have climbed well beyond what most families and businesses can afford. Without access to consistent, verified financial information, it is impossible to determine whether public dollars and commercial premiums are being used effectively—or diverted to non-care-related expenses.

This chapter does not interfere with provider operations. Rather, it **creates a structure to detect risks early, hold organizations accountable, and protect access to care by ensuring financial solvency**. It provides the Executive Office of Health and Human Services with tools to work collaboratively with providers to correct course where necessary—and makes clear that the state is not obliged to bail out mismanaged institutions.

In short, this legislation reflects **fiscally responsible governance**, encourages **better stewardship of health care dollars**, and supports **Rhode Island's broader efforts to control health care costs while improving value for patients and purchasers**.

We urge you to support this important measure and look forward to working together to promote transparency, affordability, and sustainability in our health care system.

Sincerely,

A handwritten signature in black ink, appearing to read "Allen H. Charbonneau". The signature is fluid and cursive, with a long horizontal line extending to the right.

Executive Director