RHODE ISLAND MEDICAL SOCIETY

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

Re: Budget Amendment 13 - Heath Care System Fiscal Integrity

May 7, 2025

Dear Chair Abney,

On behalf of the Rhode Island Medical Society, thank you for the opportunity to provide written testimony on Governor's Budget Amendment #13, which proposes new fiscal transparency and reporting requirements for healthcare provider organizations.

RIMS supports the principle of financial transparency and recognizes the importance of ensuring the long-term fiscal health of our state's healthcare system. However, we respectfully offer the following concerns regarding the potential unintended consequences of the proposal as currently drafted.

1. **Disproportionate Impact on Independent Practices**
   Smaller, independent physician practices typically do not have the internal accounting or compliance infrastructure of large hospital systems. Unlike health systems that routinely prepare board-level financial statements, independent practices may not have access to that type of reporting. Requiring them to generate and submit these documents would divert already-limited resources away from patient care.

2. **Disincentive to Grow or Consolidate**
   We are concerned that physician groups with 18–24 providers may hesitate to expand out of fear that surpassing a threshold would trigger new reporting requirements. In a state already facing significant challenges in recruiting and retaining physicians, we should be creating incentives to grow — not regulatory barriers that discourage expansion and collaboration among independent practices.

3. **Provider Recruitment Concerns**
   The potential for new, undefined reporting obligations could create hesitation among physicians considering relocation to Rhode Island. In a competitive regional marketplace for physician talent, even small regulatory burdens may influence provider decisions.

4. **Penalty Structure May Be Disproportionate**
   The proposed penalties for noncompliance appear uniform but would not be experienced uniformly. A financial penalty that may be manageable for a large health system could present a serious hardship for a small-to-mid-sized independent group.

5. **Unclear Scope, Purpose, and Use of Information**
   The proposal does not clearly define how reported data will be used, which thresholds might trigger state response, or what protections exist for sensitive financial information. It also does not distinguish between state-regulated facilities such as hospitals or nursing homes, and private physician practices. This raises questions about whether the state should be applying regulatory tools designed for institutions to independent small businesses.

6. **How Does This Compare to Other States?**
   To our knowledge, few — if any — other states have implemented fiscal reporting mandates of this nature for private, non-institutional medical practices. Transparency efforts elsewhere have largely focused on regulated

entities (e.g., hospitals, health plans, nursing homes). As proposed, this policy may put Rhode Island at odds with national trends and create a competitive disadvantage.

Conclusion and Ongoing Dialogue
We have shared these concerns directly and hope to continue discussions to refine the proposal in a way that supports accountability while recognizing the operational realities of small and independent practices.

RIMS respectfully urges the Committee to:

- Consider narrowing the scope of providers subject to reporting;
- Exempt small and mid-sized independent practices not affiliated with health systems;
- Provide clear guidance on how submitted data will be used;
- Consider a tiered or phased approach, or pilot period;
- Continue engaging stakeholders to ensure a practical, fair policy design.

We thank the Governor and the General Assembly for their focus on health system sustainability and appreciate your consideration.

Sincerely,

Kara Stavros, MD
President