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2025 - H 5144 RELATING TO HUMAN SERVICES - MEDICAL ASSISTANCE

Date:

May 20, 2025

Position:

Oppose

This testimony is submitted on behalf of the Rhode Island Health Care Association (RIHCA). RIHCA is a trade association that represents sixty-two (62) of the nursing facilities in the State of Rhode Island, representing 80% of the profession.

RIHCA opposes House Bill 5144. This bill would potentially upend nursing facilities by switching the current price-based system to a vague and undefined cost-based methodology. A change of this magnitude would need much more planning and study before any changes are made.

There is no perfect reimbursement model. Time and experience have demonstrated that, regardless of the specific payment methodology, Medicaid rates can be adjusted, capped and manipulated.

The current price-based methodology was implemented in 2012 after years of thoughtful reviews, working together with EOHHS, the Senate and House, operators, and other stakeholders. As implemented, the reimbursement system was reasonable. It contained statutory annual rate increase based on an agreed upon national nursing home inflation index and a rebase of the price-based rates every three (3) years. Unfortunately, for over a decade, annual inflation indices were eliminated or slashed. The requirement for rebasing every three (3) years was ignored by EOHHS. The rebases for 2015, 2018 and 2021 never happened. As a result, rates that were paid to nursing facilities through September 30, 2024 were based on the actual nursing home operating costs from 2011 - 13 years prior!

To demonstrate the complexities of any Medicaid payment changes, the FY23 budget mandated a rebase of the nursing facility rates. A consultant was engaged by EOHHS to conduct the rebasing process. Funding for this consulting service was included in FY24 budget. New rates were included in the FY25 budget and became effective October 1, 2024. While the new rates still fall short of covering the full cost of care, the gap in funding was closed considerably. EOHHS has also confirmed plans for the next rebase to be conducted in FY27 and implemented in FY28 (effective 10/1/27) if funded appropriately.

Now, less than five (5) months since the existing reimbursement model is finally in compliance with the existing price-based system of reimbursement, the first time in thirteen (13) years, this bill proposes to scrap the model altogether and revert to some ill-defined and vague "cost-based system."

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RI's nursing homes face a very difficult operating environment. It would be a serious mistake to make a radical change in the Medicaid payment methodology without the requisite time for EOHHS, operators, and all stakeholders to evaluate what such a change might entail and study all potential ramifications thereof. Like the recent rebasing process, this change would take two (2) years at a minimum.

It is unrealistic to think that EOHHS could implement such a significant change without a thorough process and review as was done when the methodology changed in 2012. Passage of this bill, and the results could further disrupt RI's nursing facilities.

For these reasons, RIHCA opposes this bill.

Thank you.

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President & CEO