



Rhode Island Executive Office of Health and Human Services
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May 20, 2025

Honorable Marvin L. Abney, Chairman
House Committee on Finance
Room 35, State House
Providence, RI 02903

RE: 2025 H 5144- An Act Relating to Human Services – Medical Assistance.

Dear Chairman Abney:

Please accept this letter regarding the Executive Office of Health and Human Services' (EOHHS) concerns regarding **2025 H 5144**, which would make several changes to nursing facility payments. Our concerns are listed below, and EOHHS would appreciate the opportunity to find other ways to address the sponsor's goals.

The legislation would revert nursing facility payment from price-base methodology to a cost-based methodology, which was used until 2012. Over the years, the State invested funding to transition nursing facility provider payment away from cost-based reimbursement to price-based reimbursement method that better accounted for client acuity. The State is currently in the processes of transitioning to the Patient Driven Payment Model (PDPM) for reimbursement model which will be effective October 1, 2025. CMS noted that the PDPM payment model is a patient centered approach that focuses on specific treatments and services designed for each nursing facility client.

If enacted, the proposed payments methodology would require changes to the Medicaid Management Information System (MMIS), which is the system the State uses to pay nursing facility providers. The payment scheme in the MMIS is one of the most complex, and rates vary by person and by facility. EOHHS/Medicaid would need additional funding in the Central Management program budget for the required system changes needed to implement the proposed cost-based model to hire contract staff with experience in cost-based reimbursement.

In conclusion, EOHHS/Medicaid is fully committed to delivering high-quality services to our population receiving care and supporting nursing facilities and their dedicated workforce. We are available to discuss questions or concerns related to this issue.

Sincerely,

Kristin Pono Sousa
Rhode Island Medicaid Program Director
Executive Office of Health and Human Services

Cc: Honorable Members of the House Committee on Finance
Honorable Brandon C. Potter
Nicole McCarty, Esq., Chief Legal Counsel
Lynne Urbani, Director of House Policy