



Rhode Island Executive Office of Health and Human Services
3 West Road, Virks Building, Cranston, RI 02920
phone: 401.462.5274 fax: 401.462.3677

April 20, 2026

Honorable Teresa Tanzi, Chairwoman
House Finance Subcommittee on Health & Human Services
35 State House
Providence, RI 02903

RE: EOHHS Agency Budget Hearing—Rate Review

Dear Chairwoman Tanzi:

As referenced during testimony on March 25, 2026, Medicaid is providing additional context regarding the response to your question about the two-year implementation of the OHIC rate review.

The Governor's recommended budget includes 50% of the rate increases in State FY 2027, half of the inflation OHIC recommended, since the increases applied represent inflation as of October 2027, twelve months ahead of the October 2026 implementation date.

The OHIC rate recommendations delivered in fall of 2025 were for two years of prospective inflation. Since the OHIC rate review is a biennial process, the first sequence was intended to bring provider rates up to reasonable standards, largely informed by an independent rate model (IRM) methodology, which breaks down rates into cost inputs and/or drivers such as human resources, transportation, and other overhead expenses. The General Assembly fully adopted those rates in FY 2025.

The second round of OHIC rate recommendations, which are currently under consideration, takes those base rates and inflates them prospectively to where they "should be" as of October 1, 2027 (see sections 3.1.2 and 3.1.3 of the link below): <https://ohic.ri.gov/sites/g/files/xkgbur736/files/2025-08/2025%20Social%20and%20Human%20Service%20Programs%20Review%20Final%20Report%20August%202029%202025.pdf>. Since October 1, 2027, falls within the State fiscal year 2028, two years of inflation are represented. For that reason, the Governor's budget recommends providing half of the rate increase in FY 2027 and the second half in FY 2028. We understand some providers may prefer the entire adjustment now. However, they would not see any adjustment in FY 2028. Our goal is to level out the rates and keep them competitive with inflation.

Thank you for providing Medicaid the opportunity to respond to this Honorable Committee on Finance.

Sincerely,

Kristin Pono Sousa
Secretary, Executive Office of Health and Human Services
Executive Office of Health and Human Services

Cc: Honorable Members of the House Finance Subcommittee on Health & Human Services
Sharon Reynolds Ferland, House fiscal Advisor
Joseph Codega, Jr. State Budget Officer