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March 25, 2026

The Honorable Teresa Tanzi
Honorable Members of the House Finance Subcommittee on Human Services
Room 35
Rhode Island State House
Providence, RI 02903

RE: FY 2027 Budget – H-7127 (EOHHS/Medicaid Office)

Dear Chair Tanzi and Members of the Subcommittee:

I write on behalf of Child & Family, whose mission is to strengthen individuals, families, and the communities in which they live by identifying needs and utilizing best practices. As a comprehensive human services organization, we provide early childhood, behavioral health, education, elder services and family support services to thousands of Rhode Island children and families each year, including many involved with the child welfare system.

We appreciate and recognize the diligence and leadership of Director Sousa and her team in running the Medicaid Office at such a crucial time and would like to comment on two aspects of the Medicaid budget relative to Medicaid Transformation related to the DCYF community-based and child welfare service array and Medicaid rates.

Medicaid Transformation

While we support compliance with federal requirements, we are deeply concerned that **no infrastructure funding has been allocated to support provider implementation costs**. The proposed timeline is extremely aggressive and will require significant investments by providers in billing systems, technology, staff training, and expanded administrative capacity.

For Child & Family alone, estimated transition costs include:

- Hardware: \$40,000
- Software: \$30,000 (low end estimate; limited to plug-ins and not full interoperability)
- 1.0 FTE Billing Specialist: \$55,000 (including fringe; Medicaid

- credentialed and coding)
- 0.5 FTE Quality Assurance Staff: \$40,000 (including fringe; compliance and EHR support)
- Training and retraining: \$25,000 (including evidence-based model alignment and system interoperability)

These investments—totaling approximately \$190,000—are necessary simply to meet baseline compliance requirements under the new model. Additionally, the transition to dual billing structures across Medicaid and DCYF introduces further administrative complexity, increasing documentation, reconciliation, and compliance demands. Without dedicated infrastructure funding and realistic timelines, providers will face significant financial and operational strain.

Medicaid Rates and System Sustainability

Based on our review of the State’s actuarial rate development, several core assumptions require refinement. In particular:

- Administrative cost assumptions significantly understate the true cost of operating licensed, compliant programs.
- Workforce assumptions do not reflect current labor market conditions. Over the past two years, we have increased wages for behavioral health staff by approximately 30%.
- Rates do not fully account for the cost of delivering evidence-based practices, including supervision, training, fidelity monitoring, and caseload capacity.
- Inflation, insurance, and utilization assumptions appear understated, resulting in rates that may not be sustainable at actual operating levels.

Without adjustment, these factors will create a 22% structural deficit for Child & Family and would lead to service reductions and program closures.

OHIC Rate Recommendations

We support the Governor’s inclusion of the Office of the Health Insurance Commissioner (OHIC)-recommended Medicaid rate increases for home- and

community-based services, including Family Home Visiting and Early Intervention. However, we strongly urge the Committee to fund 100% of these recommended increases to stabilize the workforce and ensure access to care.

Rhode Island has made meaningful progress in strengthening its system of care for children and families. To sustain that progress, Medicaid transformation and rate reform must be paired with adequate investment in infrastructure, workforce, and realistic cost assumptions.

We respectfully urge the Committee to:

- Provide infrastructure funding to support Medicaid transformation implementation;
- Revisit key actuarial assumptions to ensure that Medicaid rates set through the Children's Services Medicaid transformation process reflect true administrative, workforce, and program costs; and
- Fully fund the recommended Medicaid rate increases.

Thank you for your leadership and your commitment to Rhode Island's children and families.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Susan C. Jacobsen". The signature is fluid and cursive, with a large initial "S" and "J".

Susan Jacobsen, LMHC
Chief Executive Officer
Child & Family Rhode Island