



May 5, 2026

The Marvin Abney, Chairman

House Committee on Finance

State House

Providence, RI 02903

**Re: House Bill 8337 Support**

Good afternoon Chairman Abney, and members of the Committee:

On behalf of Rhode Island's nursing home providers, thank you for the opportunity to submit testimony in support of House Bill 8337, specifically the provision proposed to be added into the nursing home rate statute that would require the revision of rates to reflect increases in direct and indirect costs beginning October 2027 using the most recent finalized cost report data.

Rhode Island's nursing homes continue to face significant and sustained cost pressures that are not adequately captured under the current rate structure. Labor costs—both direct care staffing and necessary support services—have risen dramatically in recent years. At the same time, providers are experiencing increased expenses related to utilities, food, insurance, regulatory compliance, and contracted services. These are not temporary fluctuations; they represent a fundamental shift in the cost of delivering care.

The proposed language is a critical step toward ensuring that the Medicaid reimbursement system more accurately reflects the real cost of care. By requiring rates to be updated using the most recent finalized cost report, this provision promotes a data-driven and transparent approach. It helps ensure that reimbursement keeps pace with actual expenses rather than relying on outdated information that can lag years behind current conditions.

Equally important, the provision recognizes both direct and indirect cost components. High-quality care depends not only on frontline caregivers, but also on dietary staff, housekeeping, maintenance, administration, and other essential functions that support

residents' health, safety, and dignity. Failing to account for increases in these indirect costs undermines the overall stability of the system.

Without regular and timely rate adjustments, providers are forced to absorb growing financial losses. This threatens access to care, limits the ability to invest in workforce and quality improvements, and, in some cases, risks facility closures. Rhode Island has already seen the consequences of an underfunded system, and further instability would have serious implications for residents and families across the state.

House Bill 8337 offers a practical and responsible solution. It does not create an arbitrary increase; rather, it aligns reimbursement with documented, audited cost data and ensures that rates are updated in a predictable and rational manner.

For these reasons, we respectfully urge the Committee to support this provision and advance House Bill 8337.

Thank you for your consideration and your continued commitment to Rhode Island's long-term care residents.

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Mag Morelli, President

[LeadingAge Connecticut & Rhode Island](#)

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