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May 12, 2026

The Honorable Marvin L. Abney, Chair  
House Committee on Finance  
State House  
82 Smith St.  
Providence, RI 02903

**RE: H 7392 – An Act Relating to Health and Safety – Determination of Need for New Healthcare Equipment and New Institutional Health Services**

Dear Chair Abney:

Please accept this letter, with suggested amendments, to H 7392, legislation that would limit the application fees for new or tertiary or specialty care services that also include capital expenditure costs paid under the Certificate of Need (CON) program within the Rhode Island Department of Health (RIDOH) to \$25,000. CON applications proposing new or expanded tertiary or specialty care services rarely include large capital expenditure costs.

Rhode Island's Rural Health Transformation Program (RHTP) grant and, more specifically, Section 8 of the Governor's Budget Amendment 6 (Rural Health Transformation Program Amendment) removes home nursing care providers and home care entities from being subject to the provisions of Rhode Island's Determination of Need for New Healthcare Equipment and New Institutional Health Services (informally known as the CON) statute. Costs to RIDOH related to the review of CON applications may exceed \$25,000 and these costs are required to be paid by the applicant. CON review costs disproportionately burden smaller healthcare facilities such as home nursing care providers and home care entities which are currently subject to CON review.

The Governor's proposal amends various sections of RIGL § 23-15 to streamline the CON process by narrowing its scope, raising review thresholds, and reducing administrative burdens, while introducing exemptions and limiting procedural challenges after the department has made a determination. Specifically, the Budget Amendment excludes all new healthcare equipment and amends services subject to CON review to include only cardiac catheterization, open heart surgery, organ transplantation, linear accelerators, and neonatal intensive care services. This proposal also increases the threshold for capital construction expenditures from \$7 million to \$50 million and exempts State facilities from CON review.

These changes will encourage healthcare providers to establish practices in Rhode Island and increase access to medical care and services for Rhode Islanders. The changes also align Rhode Island's policies with other states, encourage new entrants into the healthcare market, reduce regulatory burdens for cost-effective care alternatives, and expand access to underserved communities.

Additionally, as the Governor proposed similar reforms in his FY 26 budget recommendation, the RHTP grant has incorporated a fiscal incentive to encourage such reforms. The RHTP grant is being implemented by CMS, which sets out the rules, scoring, and funding structure for states seeking grant awards. CMS has awarded additional points and funding to states that commit to specific state-level reforms—explicitly including efforts to eliminate or reform CON laws—as part of their transformation strategy. In its RHTP grant, Rhode Island has committed to scaling back its CON laws in this context, using CON reform in its RHTP grant application strategy.

***It is for these reasons that RIDOH respectfully recommends amending H 7392 to align with the Governor’s Budget Amendment 6, which is aligned with Rhode Island’s Rural Health Transformation Grant requirements and included in Section 8 of the Governor’s Budget Amendment 6.***

Thank you for the opportunity to comment on this legislation.

Sincerely,

A handwritten signature in black ink that reads "Jerome M. Larkin" with a stylized flourish at the end.

Jerome M. Larkin, MD  
Director

CC: The Honorable Members of the House Committee on Finance  
The Honorable David J. Place  
Danica Iocoi, Chief of Staff  
Nicole McCarty, Esquire, Chief Legal Counsel  
Lynne Urbani, Director of House Policy