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May 28, 2026

The Honorable Susan Donovan
Chair, House Health and Human Services Committee
Rhode Island State House
82 Smith Street
Providence, RI 02903

RE: Opposition to H8500

Dear Chair Donovan and Committee Members:

The Rhode Island Health Center Association (RIHCA), on behalf of the state's eight community health centers (CHCs), respectfully submits this letter in strong opposition to House Bill 8500, which imposes excessive and burdensome reporting requirements on our health system's safety-net providers.

CHCs are a critical part of Rhode Island's healthcare safety net, providing comprehensive primary medical, behavioral health, and dental care to over 220,000 or 1 in 5 residents—regardless of their insurance status or ability to pay. We fully support transparency and accountability in the healthcare system and recognize the importance of responsible stewardship of public funds. However, we have serious concerns that H8500 creates unnecessary administrative burden without benefit to the state nor to the CHCs themselves.

H8500 creates unnecessary administrative burden.
CHCs are already subject to extensive financial oversight at both the state and federal level. Under Rhode Island law, CHCs must fully comply with reporting requirements established by EOHHS to support Medicaid reimbursement and rate-setting.[1] Every year, CHCs submit the following to EOHHS:

1. Medicare/Medicaid Cost Report Crosswalk
2. Medicare cost report filed with CMS for the same fiscal year
3. Audited financial statements for the same fiscal year

These reports include complete, verifiable financial and statistical records of expenses and

[1] Federally Qualified Health Centers | Executive Office of Health and Human Services

operations.

CHCs also submit annual applications to the RI Department of Health (RIDOH) to renew their licenses as Organized Ambulatory Care Facilities (OACF). The renewals require that CHCs attest to their financial stability. As OACFs, they are subject to unannounced visits, during which financial records can be reviewed.

Beyond Medicaid and RIDOH oversight, CHCs operate as nonprofit organizations and must file annual IRS Form 990 reports.

At the federal level, CHCs must submit annual reports through the Uniform Data System (UDS), which include financial and operational data.[2] Federal law also requires each CHC to undergo a Single Audit.

Taken together, these requirements reflect an existing robust, multi-layered framework for financial transparency and accountability. H8500 risks duplicating processes without clear evidence that additional quarterly reporting would meaningfully improve oversight.

H8500 will not improve oversight.
The bill's lack of constructive impact is inherent in the proposed schedule for report submission, review, and feedback. Here is our understanding of the timing of that process:

CHCs must prepare financial reports every quarter (i.e., four times per year). Each report covers a standard fiscal quarter (e.g., Jan–Mar, Apr–Jun, etc.) and must be submitted within 60 business days after the end of each quarter:

Quarter	Period covered	Report due
Q1	Jan 1 – Mar 31	Late June
Q2	Apr 1 – Jun 30	Late September
Q3	Jul 1 – Sep 30	Late December
Q4	Oct 1 – Dec 31	Late March (next year)

After submission, EOHHS reviews the documents. If there is a determination that a CHC is at risk, EOHHS will submit feedback "at least 30 days before the next report is due."

Quarter	Period covered	Report due	Feedback due
Q1	Jan 1 – Mar 31	Late June	Late August
Q2	Apr 1 – Jun 30	Late September	Late November
Q3	Jul 1 – Sep 30	Late December	Late February (next year)
Q4	Oct 1 – Dec 31	Late March (next year)	Late March (next year)

[2] data.hrsa.gov Home Page

By the time EOHHS can provide any feedback, CHCs will already be well into the next reporting period, and the data may be up to 5 months old. Any feedback will arrive too late to inform decision-making or new actions. This exercise will require CHCs to respond to conditions that may no longer exist.

At a minimum, the process could just be a burdensome and bureaucratic one, with little value to the state or to the covered entity. Given the type and level of information requested, we are concerned that this process could, in fact, create negative financial consequences for CHCs.

This process may result in negative financial consequences for CHCs.
The stated intent of H8500 is to "ensure solvency" of the affected organizations. We do not believe this bill will have a positive effect on solvency; in fact, we think there is a possibility it will have a negative impact.

The bill requires each CHC to provide the following balance sheet and income statement information each quarter:

- Cash on hand
- Accounts payable and accounts receivable
- Gross and net patient revenues
- Other income
- Operating costs by category
- Other expenses
- Investment income and non-patient services revenues
- Assets, liabilities, and net surplus or profit margin
- Uninsured and bad debt costs,
- Net charity care
- any other information as may be required by the Secretary

There is a risk that, without appropriate context, the state may misinterpret the submitted financial data. If concerns or findings from EOHHS are public, they may influence decisions by donors, lenders, or other financial partners. CHCs operate with inherently variable funding streams tied to Medicaid reimbursements and grant cycles; short-term fluctuations reflected in quarterly reports may not accurately represent long-term financial health. These fluctuations could still be interpreted by EOHHS as indicators of instability. This may result in higher borrowing costs, more restrictive lending terms, or reduced access to financing altogether. These potential consequences may ultimately undermine the very stability H8500 seeks to promote.

Alternatives to H8500.
RIHCA and our member CHCs recognize the need for fiscal transparency. We have contracted with a financial firm to review the current Principles of Reimbursement[3] and cost reports to validate our concerns about the adequacy of the Medicaid rate. We have notified EOHHS of this effort and we look forward to presenting the information to them at the conclusion of the review.

[3] The Principles of Reimbursement define the RI Medicaid payment methodology for federally qualified health centers (community health centers.) FQHC Principles of Reimbursement 2022

We believe the dual goals of transparency and solvency can be met through other means. One option is to modify Medicaid provider contracts to include thresholds for specific fiscal metrics, such as days cash on hand, net operating profit margin, or current ratio. The contract would require a covered entity to report to the Secretary any instance in which established thresholds related to those metrics are exceeded. This would place the onus on the covered entity to proactively identify the issue. Once the identification has been made, the covered entity can begin to work with EOHHS. This alternative would not require any new administrative processes but would meet the same goals as the proposal.

The best approach to financial solvency is to ensure payments to CHCs are sufficient to provide patients with efficient, effective, and high-quality care. Efforts to address the growing number of uninsured people and the ever-increasing cost of health care, for example House Bill 8137, the RI Protect our Healthcare Act of 2026, would go much further to help stabilize CHCs.

Community health centers are deeply committed to accountability, transparency, and the responsible use of public funds. H8500 would impose duplicative and burdensome reporting requirements that would not contribute to the on-going stability of the healthcare safety net.

We would be pleased to provide additional information or participate in further discussions on alternatives to this bill.

Sincerely,

Elena Nicolella

Elena Nicolella
President and CEO