



May 27, 2026

The Honorable Susan Donovan, Chairwoman  
House Committee on Human Services  
State House  
Providence, RI 02903

**RE: H 8500, An Act Relating to State Affairs and Government – Office of Health and Human Services (Healthcare Entity Fiscal Integrity, Transparency, and Accountability), Proposed Amendments**

Dear Chairwoman Donovan and Honorable Members of the Committee:

On behalf of LeadingAge Rhode Island & Connecticut, I am writing to share our organization's concerns regarding H8500, legislation that would establish a new Chapter 7.5 requiring nursing facilities, hospitals, federally qualified health centers, and certified community behavioral health clinics to submit quarterly financial reports to the Secretary of the Executive Office of Health and Human Services (EOHHS). LeadingAge Connecticut & Rhode Island represents nonprofit providers of aging services, including skilled nursing facilities, and we appreciate the General Assembly's continued attention to the financial stability of Rhode Island's healthcare system. While we share the goal of ensuring fiscal transparency and accountability, we respectfully urge this Committee to consider several significant concerns before advancing this legislation, and we offer the following amendments for the Committee's consideration.

**Existing Disclosure Mechanisms Already Provide Meaningful Transparency**

Nonprofit nursing facilities and healthcare organizations are already subject to substantial public disclosure obligations. As tax-exempt organizations, our members are required to file IRS Form 990 annually, which is publicly available and contains detailed financial information including revenues, expenses, executive compensation, and program activities. We recognize the state's concern that 990 filings may be submitted too late in the calendar year to provide timely financial intelligence. However, we would respectfully suggest that this timing gap could be addressed through less burdensome means than a new quarterly reporting regime – for example, by requiring accelerated submission of audited annual financial statements directly to EOHHS, or by aligning reporting timelines with existing federal cost report obligations.

### **The Quarterly Reporting Burden Is Disproportionate and Impractical**

The bill would require covered entities to submit detailed quarterly financial reports beginning October 1, 2026 – a timeline that does not provide adequate lead time for providers to develop compliant reporting systems. More significantly, because these quarterly reports would be unaudited snapshots of financial activity, they are inherently limited in what they can reliably reveal about an organization’s true financial condition. Unaudited financials reflect interim accruals, seasonal fluctuations, and timing differences that, without context, can present a misleading picture of an organization’s health. Providers will therefore need to devote substantial administrative time and resources each quarter to preparing accompanying narratives explaining variances and providing context – time and resources that could otherwise be directed toward resident care.

We respectfully request that the Committee amend H8500 to require semi-annual or annual reporting rather than quarterly, and to provide a minimum of twelve months from enactment before any reporting obligations take effect. This would allow EOHHS and providers to collaboratively develop a meaningful, standardized reporting format as contemplated by the bill itself.

### **The “Parent Organization” Definition Requires Clarification**

The bill defines “parent organization” as “an entity that has a controlling interest in one or more subsidiary reporting covered entities,” and includes parent organizations within the scope of quarterly reporting requirements. This definition is overbroad and creates significant ambiguity. For instance, it is unclear whether a nursing facility operated by a Catholic health system would trigger disclosure of the entire Diocese’s financial information, or whether a statewide nonprofit organization operating a single skilled nursing facility would be required to disclose the finances of its entire corporate structure. We respectfully urge the Committee to amend the bill to clearly define the scope of parent organization reporting obligations, limit disclosure to financial information directly attributable to the covered healthcare operations, and exclude unrelated corporate entities or affiliates whose finances have no bearing on the solvency or operations of the reporting covered entity.

### **EOHHS Capacity to Conduct Quarterly Assessments Is Uncertain**

The bill requires EOHHS to conduct “an assessment and analysis of each report” on a quarterly basis, and to make findings within thirty days before the next quarterly filing deadline. We respectfully question whether EOHHS currently has the staffing, expertise, and analytical infrastructure to fulfill this obligation across the full universe of covered entities – which would include all licensed hospitals, nursing facilities, FQHCs, and CCBHCs in the state. If the agency lacks the capacity to conduct these assessments in a timely and consistent manner, the reporting requirement will impose significant costs on providers without delivering the oversight value the legislation intends. We recommend that the bill be amended to require EOHHS to conduct and

publish a capacity and readiness assessment prior to the effective date of any reporting obligations.

### **The Term “Noteworthy Finding” Is Undefined and Invites Arbitrary Enforcement**

Section 42-7.5-2(e) authorizes the Secretary to require a corrective action plan for any “noteworthy finding.” The bill does not define this term, which creates significant exposure for providers. Under this language, virtually any variance in quarterly financial data – a temporary dip in cash flow, a period of elevated accounts payable, or a seasonal decrease in census – could constitute a “noteworthy finding” and trigger a corrective action obligation. We strongly urge the Committee to amend the bill to define “noteworthy finding” by reference to objective, measurable financial indicators established through the rulemaking process, with meaningful opportunity for provider input.

### **Provider-Funded Forensic Audits Could Be Financially Devastating**

Section 42-7.5-3(c) provides that any covered entity required to submit “independent or other additional analyses including forensic audits as part of a corrective action plan is responsible for paying all associated costs.” Forensic audits are extraordinarily expensive, often costing hundreds of thousands of dollars. Many of the nonprofit nursing facilities represented by LeadingAge Connecticut & Rhode Island operate on very thin margins and serve a predominantly Medicaid population. Imposing the cost of a forensic audit on a provider that is already experiencing financial stress – and doing so based on unaudited quarterly data and an undefined “noteworthy” standard – could itself precipitate the insolvency the legislation seeks to prevent. We respectfully urge the Committee to limit the forensic audit provision to instances of findings of imminent financial jeopardy, require EOHHS to demonstrate a reasonable basis for the audit before it can be required, and provide an independent review mechanism before costs are imposed on the provider.

### **The FOI Exemption for Unaudited Quarterly Reports Raises Unresolved Legal Questions**

Section 42-7.5-5 states that the Secretary shall make available findings from the required reports “that is not otherwise protected as confidential or non-disclosable by federal or state laws and/or regulations.” It is unclear from the bill’s current language whether the quarterly reports themselves – which are unaudited, interim financial documents – would be shielded from disclosure under the Rhode Island Access to Public Records Act (APRA). We are concerned that without explicit statutory protection, unaudited quarterly reports submitted to EOHHS could be subject to APRA requests, exposing sensitive financial information to public release in a context stripped of the context and caveats that accompany audited financial statements. We urge the Committee to clarify the disclosure and confidentiality status of quarterly reports in the bill’s text.

LeadingAge Connecticut & Rhode Island is committed to working constructively with the Committee, EOHHS, and all stakeholders to develop a financial transparency framework that is meaningful, workable, and proportionate to the realities facing nonprofit long-term care providers in our state. We welcome the opportunity to discuss these concerns further and to participate in any working group or stakeholder process the Committee may convene.

Thank you for your consideration of these concerns.

Respectfully submitted,

Mag Morelli  
President  
LeadingAge Connecticut & Rhode Island