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April 7, 2026

The Honorable Louis P. DiPalma  
Chair, Senate Committee on Finance  
Rhode Island Senate

RE: H7127 Department of Children, Youth and Families Budget

Dear Chair DiPalma and Members of the Committee,

Thank you for the opportunity to provide testimony on H7127 and the proposed budget for the Department of Children, Youth and Families (DCYF). We appreciate the General Assembly's continued commitment to strengthening services for Rhode Island's children and families. As the Committee considers the DCYF budget, we are concerned about the under resourcing our children's system of care in several areas that are critical to the stability of the community-based provider network.

First, The **Medicaid Transformation** process presents both opportunities and significant risks if rates do not reflect the true cost of delivering services. **The most recent proposed rates developed through the Milliman rate-setting process would result in a 22% deficit for Child & Family—equaling \$1,671,466.83 annually.** Approximately 10% of this deficit reflects an understatement of administrative costs in the rate model, while the remaining 12% represents actual costs associated with implementing evidence-based practices and addressing increased workforce and benefits expenses that are not fully accounted for in the rate build.

Deficits of this magnitude are not sustainable for community-based providers. If rates do not more accurately reflect the cost of services, agencies across the state will face difficult decisions about reducing capacity or discontinuing programs that DCYF relies on.

Second, **Medicaid Transformation has created significant unfunded administrative and operational costs for providers**, including investments in billing systems, reporting requirements, compliance infrastructure, and workforce training. Addressing these transition costs is important to maintaining

provider capacity.

Third, **sufficient funding is necessary to support implementation of the federal consent decree and the infrastructure required to improve outcomes for youth**, including intensive care coordination and system-wide service planning.

Finally, **exploring and maintaining flexible funding sources beyond Medicaid remains essential**. DCYF often relies on community agencies' ability to pivot quickly to meet the needs of youth and families in crisis. Overreliance on Medicaid financing can make that type of rapid response more difficult.

Rhode Island's child welfare system depends on a stable network of community-based providers and a strong behavioral health workforce. Ensuring adequate and sustainable funding will allow agencies to continue delivering high-quality services and helping families stabilize while keeping children safely supported in their homes and communities.

Thank you for your leadership and for your continued attention to the needs of 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 a long, sweeping underline.

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