



April 9, 2026

The Honorable Louis DiPalma, Chair
Senate Committee on Finance
Room 211
State House
Providence, RI 02903

Re: H7127 - Article 8 Section 6 - Medicaid Rates - Support

Dear Chairman DiPalma and Members of the Senate Finance Committee:

On behalf of LeadingAge Connecticut & Rhode Island, we write to express our support for Article 8, Section 6 of H7127 and to respectfully urge the Committee to fully fund 100% of the Office of the Health Insurance Commissioner's (OHIC) recommended rate increases for home and community-based service (HCBS) providers.

Rhode Island's HCBS system is at a critical inflection point. Demand for long term services and supports continues to grow rapidly as the state's population ages—Rhode Islanders age 65 and older are projected to increase by more than 25% over the next decade—while the workforce and provider network have not kept pace. At the same time, providers are contending with persistent workforce shortages, rising wages driven by labor market competition, and inflationary pressures affecting transportation, insurance, and supplies.

OHIC's rate review process is specifically designed to account for these cost drivers and establish sustainable, actuarially sound reimbursement levels. Funding only 50% of these recommendations undermines that process and perpetuates structural underpayment in the system.

The consequences of underfunding are measurable:

- Providers report vacancy and turnover rates for direct care staff frequently exceeding 25–30%, driven largely by non-competitive Medicaid reimbursement rates;
- Service capacity has declined, with waitlists for home care and assisted living services growing in multiple regions of the state;
- Limited access to HCBS leads to higher-cost utilization, including avoidable hospitalizations and premature nursing home placement.

From a fiscal perspective, investing in HCBS yields clear cost avoidance. The average annual cost of nursing facility care in Rhode Island significantly exceeds the cost of providing services in home and community settings. Even modest increases in HCBS access can reduce Medicaid expenditures by delaying or preventing institutional care placements.

In addition to full funding of the OHIC recommendations, we urge the Committee to address a specific and growing gap in Medicaid assisted living reimbursement.

Providers serving residents with the highest acuity levels—who often require extensive personal care, medication management, and supervision—are reimbursed at rates that do not reflect the intensity or cost of providing that care. This misalignment threatens access for some of the state’s most vulnerable individuals and creates incentives that are inconsistent with Rhode Island’s long-standing commitment to community-based care for older adults.

To ensure system stability and access, we respectfully recommend that the Committee:

- Fully fund 100% of OHIC-recommended rate increases for HCBS providers; and
- Increase Medicaid assisted living rates, with targeted adjustments for providers serving high-acuity residents.

These investments are necessary to stabilize the workforce, maintain provider capacity, and ensure that Rhode Island can meet the growing demand for cost-effective, community-based care.

We appreciate your consideration and your continued commitment to Rhode Island’s older adults and individuals with disabilities. We would welcome the opportunity to provide additional data or work with the Committee on implementation strategies.

Sincerely,

Mag Morelli, President
LeadingAge Connecticut & Rhode Island