

April 7, 2026

The Honorable Louis P. DiPalma
Chair, Senate Finance Committee
Rhode Island State House
Providence, RI 02903

RE: Proposed FY2027 Budget – Needed Changes to the Budget for the Department of Children, Youth and Families (DCYF)

Dear Chairman DiPalma and Members of the Senate Finance Committee,

I'm writing on behalf of NAFI Rhode Island a non-profit organization contracted by DCYF to provide programming and services to children and families in Rhode Island. I have significant concerns about missing elements of the proposed budget that may undermine access to critical child welfare, children's behavioral health, and youth development/juvenile justice services for children and families and disrupt progress toward a strong, community-based children's system of care.

Recent investments in DCYF rates have begun to stabilize and expand access to care. Just two years ago, updated rates allowed providers to nearly double home- and community-based service capacity, from approximately 900 to 1,700 children served. As a result, NAFI Rhode Island was able to effectively hire and retain valuable clinical staff to provide a robust array of home-based, residential and foster care services, outpatient therapy and important behavioral health services.

System changes as a result of Medicaid Transformation now threaten that progress. Without adequate rates and infrastructure funding, providers may not be able to sustain services, directly limiting access for children and families. With changes expected to go into effect in January, and continued lack of clarity about rates, Medicaid/General Revenue split, and substantial infrastructure needs, programs such as ours may reduce or discontinue programs. This would narrow the service array and make it harder for families to access timely, appropriate care.

The transition to new Medicaid policies, procedures, and managed care structures is complex and resource-intensive. Many providers are not fully prepared for this shift. Administrative costs, including but not limited to increased billing, compliance, and reporting requirements, will place significant strain on providers, diverting resources from direct care.

Child welfare, children's behavioral health, and juvenile justice diversion services also require flexibility to meet the diverse and evolving needs of youth. Medicaid Transformation is System transformation as it standardizes and limits the flexibility of DCYF and providers to provide non-clinical, family-centered supports. For the families we serve, this could mean the loss of individualized services that do not neatly fit into Medicaid billing structures.

We also have related concerns about proposals in budget Articles 8 & 10 that would consolidate access and crisis intervention services within the adult-focused system under the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals (BHDDH). Shifting authority to adult systems risks weakening accountability and disrupting the child-focused system currently being built. For families, this could result in

confusion about where to seek services, gaps in care coordination across systems, and delays in accessing appropriate, developmentally tailored services.

Rhode Island is in the midst of implementing a federally mandated consent decree to strengthen its children's behavioral health system. Provider services do not neatly fall into child welfare, children's behavioral health or juvenile justice buckets in many cases. The state risks falling short of its obligations and delaying critical improvements for children and families.

Rhode Island has made meaningful progress in strengthening its child welfare and children's behavioral health system and youth development services. However, that progress is at risk without:

- Ensuring adequate Medicaid rates including additional administrative percentages to accommodate the ongoing added cost of System transformation to support a stable and robust provider network
- Ensuring there is sufficient General Revenue to fund the costs of the new rates that are not eligible for Medicaid.
- Establishing infrastructure funding of up to \$200,000 per provider for the 24 organizations participating in System Transformation, many of whom do not currently use electronic billing.
- Maintaining flexibility to deliver family-centered, community-based services
- Preserving clear leadership and accountability for children's behavioral health within DCYF

We respectfully urge the Committee to address these gaps in the FY2027 budget, prioritize the needs of children and families, and slow down changes that could destabilize the system at this critical moment.

Thank you for your consideration and your continued commitment to Rhode Island's children and families.

Respectfully,

Cynthia Livsey, M.S., LMHC
Regional Director
NAFI Rhode Island