



Rhode Island Health Care Association

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**Written Testimony in Support of S.2880
Before the Senate Health and Human Services Committee
Chair Melissa Murray and Members of the Committee**

May 5, 2026

Chair Murray and Members of the Committee:

My name is John Gage, and I am President and CEO of the Rhode Island Health Care Association (RIHCA), representing over 80 percent of the state's nursing facilities. On behalf of our members, I write in strong support of **S.2880**, legislation that takes an important and necessary step toward aligning Medicaid reimbursement with the actual cost of providing care to Rhode Island's most vulnerable residents.

At its core, S.2880 reinforces a principle that is fundamental: Medicaid rates must reflect the actual, current costs incurred by efficiently and economically operated nursing facilities. As outlined in the bill, requiring the Executive Office of Health and Human Services (EOHHS) to incorporate updated cost data into future rate reviews is a practical and responsible approach to ensuring that reimbursement keeps pace with real-world conditions.

For too long, Rhode Island's nursing facilities have operated under a reimbursement structure that lags significantly behind rising costs. Facilities are facing sustained increases in wages, benefits, utilities, food, insurance, and regulatory compliance—costs that have accelerated dramatically in recent years. Yet, the current rate-setting framework often relies on outdated financial data, creating a structural disconnect between what it costs to deliver care and what the state reimburses.

S.2880 helps correct that imbalance.

By requiring the review and adjustment of rates based on the most recent finalized cost reports, this legislation introduces a level of responsiveness and realism that has been missing from the system. It does not guarantee excessive or unchecked increases - it simply ensures that the state is making informed decisions using accurate, timely data. That is not only fair but also essential for maintaining access to care.

The implications of failing to act are serious. Chronic Medicaid underfunding has already led to workforce shortages, deferred capital improvements, and mounting financial instability across the long-term care sector. Without a reimbursement system that reflects actual costs, facilities will continue to struggle to recruit and retain staff, invest in quality improvements, and meet the growing acuity needs of residents.

"Setting the Pace in Nursing Home Care"

A non-profit organization of proprietary and non-proprietary long term health care facilities dedicated to improving health care of the convalescent and chronically ill of all ages. An equal opportunity employer.

This bill also complements existing policy goals. Rhode Island has made clear its commitment to strengthening the direct-care workforce, as reflected in prior rate adjustments tied to staff compensation. However, those efforts cannot be sustained without a broader reimbursement framework that recognizes the full spectrum of operating costs. S.2880 ensures that workforce investments are supported by a stable and rational financial foundation.

Importantly, this legislation does not create a new or untested system. Rather, it builds upon the existing rate structure by refining how and when cost data is used. It is a targeted, thoughtful adjustment—not a wholesale overhaul.

In closing, S.2880 represents a common-sense step toward fairness, sustainability, and transparency in Medicaid reimbursement. It acknowledges the reality on the ground and provides a mechanism to ensure that rates evolve alongside the cost of care.

Thank you for your consideration and your continued commitment to the residents and providers who depend on a strong and sustainable long-term care system. We urge you to vote to approve S.2880.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "John E. Gage", with a large, sweeping flourish extending to the right.

John E. Gage, MBA, NHA
President & CEO
Rhode Island Health Care Association