

Chairperson and Members of the Committee,

My name is Nathaniel Cushing, and I am the Executive Director at Evergreen House Health Center in East Providence RI. I appreciate the opportunity to provide written testimony in opposition to Senate Bill 3025

As an operator responsible for the care of residents and the management of a highly regulated healthcare facility, I fully support transparency and accountability in our sector. However, this legislation would add significant new regulatory requirements that are largely duplicative of existing state and federal oversight that nursing facilities already comply with.

Currently, nursing homes are subject to multiple layers of financial and ownership disclosure requirements. Any entity that owns or operates a nursing facility must file detailed ownership information with the Rhode Island Secretary of State. In addition, any change in ownership or control of a nursing facility must go through the statutory Change in Effective Control (CEC) process administered by the Rhode Island Department of Health and reviewed by the Health Services Council. This process requires extensive disclosure of ownership structures, management relationships, and related entities doing business with the facility. It is a rigorous process that often takes one to two years to complete.

Beyond state requirements, nursing facilities must also comply with federal Change in Ownership requirements in order to maintain Medicare certification. These federal rules include additional reporting and disclosure obligations.

Furthermore, in 2022 the General Assembly enacted the Transparency of Ownership in Healthcare Facilities Act, which established additional ownership reporting requirements. At the same time, new federal transparency regulations requiring disclosure of nursing home ownership and related entities took effect on January 1, 2024. These federal requirements are still in the process of being implemented.

Given these existing requirements, Senate Bill 3025 would add yet another layer of regulation on top of systems that are already in place and functioning. Additional duplicative reporting will not improve resident care, but it will add administrative burden to providers who are already navigating an extremely complex regulatory environment.

The bill also proposes limiting equity distributions to three percent of a facility's annual revenue without approval from the Department of Health. Such a limitation would significantly discourage investment in Rhode Island's long-term care sector. Operating a nursing facility involves substantial financial risk and significant capital investment. Restricting the ability of owners to receive a reasonable return will make it far more difficult to attract the investment necessary to maintain and modernize facilities.

At a time when the sector is facing serious challenges—including chronic Medicaid underfunding, workforce shortages, and rapidly rising costs for food, utilities, medical supplies, and staffing—policies that discourage investment will only make it harder for facilities to continue providing high-quality care to Rhode Island's seniors.

Finally, the bill proposes extremely large civil penalties for disclosure violations, including fines of up to \$1 million. These penalties are excessive given the already robust disclosure requirements that currently exist.

For these reasons, I respectfully urge the committee to oppose Senate Bill 3025. Rhode Island's nursing homes remain committed to transparency and accountability, but additional duplicative regulation and investment restrictions will not strengthen resident care and may instead further destabilize a sector that is already under significant strain.

Thank you for your time and consideration.

Nathaniel Cushing
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