



April 28, 2026

Dear Chair Murray and Members, Senate Health and Human Services Committee,

RE: S3025 (Dept. of Health)

SACRI strongly supports S3025 sponsored by Murray. RI relies heavily on Medicaid to finance nursing home care investing \$450 million in SFY2024 (RI Annual Medicaid Expenditure Report) in nursing home care for vulnerable older adults and those with disabilities. Ensuring these funds are used to support resident care – not diverted through complex ownership structures is critical for promoting quality, accountability and sound fiscal stewardship.

Studies have looked at how some nursing home owners use “related parties” (companies owned or controlled by nursing home operators that do business with their own nursing home for such things as real estate and management services) as a way to make nursing homes look less profitable while making profits for owners as opposed to making investments into providing better quality care. A peer-reviewed study by UCLA and Lehigh University researchers found as much as 63% of nursing home profits in Illinois in 2019 were obscured from state regulators by “tunneling” – payments made to related-parties that inflate costs and mask true profits.

S3025 contains several provisions to promote transparency of nursing home ownership and finances. It makes failure to file certain ownership information subject to penalties; authorizes the director to require a financial audit to be conducted at the operator’s expense and to impose fines of either the greater of \$1 Million or the total amount of diverted assets if facility assets are diverted to undisclosed interest holders; and prohibits withdrawal of equity or transfer of assets which in aggregate exceed 3% of the facilities total reported annual revenue for patient care services without prior approval of the director.

The bill’s 3% cap on equity withdrawals is reasonable and a targeted safeguard to ensure it cannot be exceeded without state review. New York has such a law. As so much of nursing home care is financed with state funds it would be prudent for the RI legislature to follow New York’s example. For the thousands of Rhode Islanders who depend on nursing home care, these safeguards are not abstract—they are essential to ensuring safe, dignified, and high-quality care. We urge you to recommend passage of this bill and thank you for your consideration of our support.

Respectfully submitted,
Carol Anne Costa, SACRI Executive Director
Maureen Maigret, SACRI Policy Advisor