



Rhode Island Health Care Association

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H7930 – Financial Transparency Bill

Position: Oppose

Good afternoon/evening Chairperson and member of the committee. My name is John Gage, President and CEO of the Rhode Island Health Care Association, which represents approximately 80 percent of the nursing facilities in Rhode Island. I am here today to respectfully express our opposition to H7930.

Let me begin by stating clearly: our members support transparency and disclosure. However, the requirements proposed in this legislation are largely duplicative of extensive oversight that already exists at both the state and federal levels.

Today, any entity seeking to own or operate a nursing facility must disclose ownership information through multiple regulatory processes. At the state level, entities must register with the Rhode Island Secretary of State, and any change in ownership must undergo the Department of Health's Change in Effective Control (CEC) process. This process requires comprehensive disclosure of ownership structures, management relationships, and related entities—and can take years to complete. Changes to ownership structure, management agreements, or real estate transfers all require prior approval through the Health Services Council and final approval by the Director of the Department of Health.

At the federal level, facilities must also comply with Change in Ownership requirements to maintain Medicare certification. In addition, new national ownership transparency rules took effect on January 1, 2024, further expanding disclosure obligations.

Importantly, this General Assembly already addressed this issue by passing the Transparency of Ownership in Healthcare Facilities Act in 2022—requirements that the Department of Health has only recently implemented.

Given these existing layers of oversight, H7930 would add yet another unnecessary and duplicative regulatory burden without improving resident care.

The bill also proposes to limit equity distributions to 3 percent of annual revenue without Department of Health approval. This provision unfairly singles out nursing facilities and imposes a restriction that applies to no other health care sector—or any other industry. At a time when Rhode Island nursing homes are facing chronic Medicaid underfunding, severe workforce shortages, and rising operating costs, this type of constraint will discourage the very investment needed to sustain and improve our long-term care system.

The 3 percent cap is arbitrary, lacks clear standards for approval, and fails to reflect the financial risk and capital investment required to operate a nursing facility. Notably, the State already

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imposes a 5.5 percent provider tax on gross patient revenue—meaning facility owners would be limited to less return than the State itself collects, and potentially less than they could earn through low-risk investments such as certificates of deposit or traditional market instruments.

Finally, the bill authorizes civil penalties of up to \$1 million for disclosure violations. Given the extensive transparency framework already in place, these penalties are excessive and disproportionate.

For these reasons, the Rhode Island Health Care Association strongly and respectfully opposes H7930.

Thank you for the opportunity to testify. I would be happy to answer any questions.