



Rhode Island Health Care Association

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Written Testimony in Opposition to S.2950 – Healthcare Investment Bond Requirement Before the Senate Judiciary Committee

Chairman Matthew LaMountain and Members of the Committee

May 7, 2026

Chairman LaMountain and Members of the Committee:

My name is John Gage, President and CEO of the Rhode Island Health Care Association (RIHCA), representing approximately 80 percent of the state’s nursing facilities. On behalf of our members, I write in strong opposition to S.2950.

At its core, this legislation is unnecessary and duplicative of an already robust and comprehensive regulatory framework governing ownership and control of nursing facilities in Rhode Island. Under existing law, any proposed transfer of ownership—whether involving operations, real estate, or material management agreements—is subject to extensive review and approval by the Rhode Island Department of Health (RIDOH) through the Change in Effective Control (CEC) process. These reviews are not perfunctory. They are detailed, deliberative, and often take many months—if not years—to complete, requiring full financial disclosure, ownership transparency, and operational scrutiny.

Importantly, the Office of the Attorney General already plays a meaningful and active role in this process. The Attorney General has both the authority and the opportunity to review transactions, raise concerns, and provide formal input to RIDOH and the Health Services Council. This is not theoretical—it is routine. The existing framework ensures that transactions are thoroughly vetted from both a regulatory and consumer protection standpoint. There is no gap here that needs to be filled.

S.2950 instead layers on additional requirements that are not only redundant, but harmful. The imposition of a bond equal to one full year of a provider’s operating expenses—maintained for the duration of ownership and seven years thereafter—is extraordinary in scope and wholly disconnected from the realities of the long-term care sector.

Coupled with extended notice requirements and additional regulatory hurdles, this proposal sends a clear and troubling message to the marketplace: Rhode Island is a high-risk, high-burden environment for healthcare investment.

That message has real consequences.

At a time when many nursing facilities are operating on razor-thin margins due to chronic Medicaid underfunding, access to capital and responsible new ownership is not a luxury—it is a necessity. Facilities in financial distress depend on willing and qualified buyers to step in,

“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.

stabilize operations, and preserve access to care. By dramatically increasing the cost and complexity of transactions, this bill will disincentivize precisely the kind of investment we should be encouraging.

The likely result is fewer buyers, fewer transactions, and fewer opportunities to rescue facilities at risk of closure.

And when facilities close, access to care is reduced—particularly for Medicaid beneficiaries who make up the majority of nursing facility residents in Rhode Island. Families are displaced. Hospital backlogs worsen. Communities lose critical infrastructure.

In short, the burden imposed by this legislation will not fall on investors—it will fall on residents.

There is a fundamental contradiction at the heart of this proposal. It is framed as a consumer protection measure, yet it undermines the very access to care it seeks to protect. The state already has the tools, authority, and oversight mechanisms in place to evaluate ownership changes and intervene when necessary. What it does not need is another layer of duplicative regulation that creates barriers to entry and drives investment away.

Rhode Island should be focused on strengthening its long-term care system—not erecting new obstacles that accelerate its decline.

For these reasons, RIHCA respectfully urges the Committee to oppose S.2950.

Closing:

If enacted, this bill won't protect residents—it will strand them, by driving away the very investment needed to keep their doors open.

Sincerely,



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