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S T A T E O F R H O D E I S L A N D

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2026

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT -- OFFICE OF HEALTH AND HUMAN SERVICES

Introduced By: Senators Britto, Murray, Sosnowski, DiMario, and Zurier

Date Introduced: May 05, 2026

Referred To: Senate Finance

(EOHHS)

It is enacted by the General Assembly as follows:

SECTION 1. Section 42-7.2-5 of the General Laws in Chapter 42-7.2 entitled "Office of Health and Human Services" is hereby amended to read as follows:

42-7.2-5. Duties of the secretary.

The secretary shall be subject to the direction and supervision of the governor for the oversight, coordination, and cohesive direction of state-administered health and human services and in ensuring the laws are faithfully executed, notwithstanding any law to the contrary. In this capacity, the secretary of the executive office of health and human services (EOHHS) shall be authorized to:

(1) ~~Coordinate~~ Oversee and direct the administration and financing of healthcare benefits, human services, systems of care, and programs including those authorized by the state's Medicaid section 1115 demonstration waiver and, as applicable, the Medicaid state plan under Title XIX of the U.S. Social Security Act. However, nothing in this section shall be construed as transferring to the secretary the powers, duties, or functions conferred upon the departments by Rhode Island public and general laws for the administration of federal/state programs financed in whole or in part with Medicaid funds or the administrative responsibility for the preparation and submission of any state plans, state plan amendments, or authorized federal waiver applications, once approved by the secretary.

(2) Serve as the governor's chief advisor and liaison to federal policymakers on Medicaid

reform issues as well as the principal point of contact in the state on any such related matters.

(3)(i) Review and ensure the coordination of the state's Medicaid section 1115 demonstration waiver requests and renewals as well as any initiatives and proposals requiring amendments to the Medicaid state plan or formal amendment changes, as described in the special terms and conditions of the state's Medicaid section 1115 demonstration waiver with the potential to affect the scope, amount, or duration of publicly funded healthcare services, provider payments or reimbursements, or access to or the availability of benefits and services as provided by Rhode Island general and public laws. The secretary shall consider whether any such changes are legally and fiscally sound and consistent with the state's policy and budget priorities. The secretary shall also assess whether a proposed change is capable of obtaining the necessary approvals from federal officials and achieving the expected positive consumer outcomes. Department directors shall, within the timelines specified, provide any information and resources the secretary deems necessary in order to perform the reviews authorized in this section.

(ii) Direct the development and implementation of any Medicaid policies, procedures, or systems that may be required to assure successful operation of the state's health and human services integrated eligibility system and coordination with HealthSource RI, the state's health insurance marketplace.

(iii) Beginning in 2015, conduct on a biennial basis a comprehensive review of the Medicaid eligibility criteria for one or more of the populations covered under the state plan or a waiver to ensure consistency with federal and state laws and policies, coordinate and align systems, and identify areas for improving quality assurance, fair and equitable access to services, and opportunities for additional financial participation.

(iv) Implement service organization and delivery reforms that facilitate service integration, increase value, and improve quality and health outcomes.

(4) Beginning in 2020, prepare and submit to the governor, the chairpersons of the house and senate finance committees, the caseload estimating conference, and to the joint legislative committee for health-care oversight, by no later than September 15 of each year, a comprehensive overview of all Medicaid expenditures outcomes, administrative costs, and utilization rates. The overview shall include, but not be limited to, the following information:

(i) Expenditures under Titles XIX and XXI of the Social Security Act, as amended;

(ii) Expenditures, outcomes, and utilization rates by population and sub-population served (e.g., families with children, persons with disabilities, children in foster care, children receiving adoption assistance, adults ages nineteen (19) to sixty-four (64), and elders);

(iii) Expenditures, outcomes, and utilization rates by each state department or other

municipal or public entity receiving federal reimbursement under Titles XIX and XXI of the Social Security Act, as amended;

(iv) Expenditures, outcomes, and utilization rates by type of service and/or service provider;

(v) Expenditures by mandatory population receiving mandatory services and, reported separately, optional services, as well as optional populations receiving mandatory services and, reported separately, optional services for each state agency receiving Title XIX and XXI funds; and

(vi) Information submitted to the Centers for Medicare & Medicaid Services for the mandatory annual state reporting of the Core Set of Children's Health Care Quality Measures for Medicaid and Children's Health Insurance Program, behavioral health measures on the Core Set of Adult Health Care Quality Measures for Medicaid and the Core Sets of Health Home Quality Measures for Medicaid to ensure compliance with the Bipartisan Budget Act of 2018, Pub. L. No. 115-123.

The directors of the departments, as well as local governments and school departments, shall assist and cooperate with the secretary in fulfilling this responsibility by providing whatever resources, information, and support shall be necessary.

(5) Resolve administrative, jurisdictional, operational, program, or policy conflicts among departments and their executive staffs and make necessary recommendations to the governor.

(6) Ensure continued progress toward improving the quality, the economy, the accountability, and the efficiency of state-administered health and human services. In this capacity, the secretary shall:

(i) Direct implementation of reforms in the human resources practices of the executive office and the departments that streamline and upgrade services, achieve greater economies of scale and establish the coordinated system of the staff education, cross-training, and career development services necessary to recruit and retain a highly-skilled, responsive, and engaged health and human services workforce;

(ii) Encourage EOHHS-wide consumer-centered approaches to service design and delivery that expand their capacity to respond efficiently and responsibly to the diverse and changing needs of the people and communities they serve;

(iii) Develop all opportunities to maximize resources by leveraging the state's purchasing power, centralizing fiscal service functions related to budget, finance, and procurement, centralizing communication, policy analysis and planning, and information systems and data management, pursuing alternative funding sources through grants, awards, and partnerships and securing all available federal financial participation for programs and services provided EOHHS-

wide;

(iv) Improve the coordination and efficiency of health and human services legal functions by centralizing adjudicative and legal services and overseeing their timely and judicious administration;

(v) Facilitate the rebalancing of the long-term system by creating an assessment and coordination organization or unit for the expressed purpose of developing and implementing procedures EOHHS-wide that ensure that the appropriate publicly funded health services are provided at the right time and in the most appropriate and least restrictive setting;

(vi) Strengthen health and human services program integrity, quality control and collections, and recovery activities by consolidating functions within the office in a single unit that ensures all affected parties pay their fair share of the cost of services and are aware of alternative financing;

(vii) Assure protective services are available to vulnerable elders and adults with developmental and other disabilities by reorganizing existing services, establishing new services where gaps exist, and centralizing administrative responsibility for oversight of all related initiatives and programs.

(7) Prepare and integrate comprehensive budgets for the health and human services departments and any other functions and duties assigned to the office. The budgets shall be submitted to the state budget office by the secretary, for consideration by the governor, on behalf of the state's health and human services agencies in accordance with the provisions set forth in § 35-3-4.

(8) Utilize objective data to evaluate health and human services policy goals, resource use and outcome evaluation and to perform short and long-term policy planning and development.

(9) Establish an integrated approach to interdepartmental information and data management that complements and furthers the goals of the unified health infrastructure project initiative and that will facilitate the transition to a consumer-centered integrated system of state-administered health and human services.

(10) At the direction of the governor or the general assembly, conduct independent reviews of state-administered health and human services programs, policies, and related agency actions and activities and assist the department directors in identifying strategies to address any issues or areas of concern that may emerge thereof. The department directors shall provide any information and assistance deemed necessary by the secretary when undertaking such independent reviews.

(11) Provide regular and timely reports to the governor and make recommendations with respect to the state's health and human services agenda.

(12) Employ such personnel and contract for such consulting services as may be required to perform the powers and duties lawfully conferred upon the secretary.

(13) Assume responsibility for complying with the provisions of any general or public law or regulation related to the disclosure, confidentiality, and privacy of any information or records, in the possession or under the control of the executive office or the departments assigned to the executive office, that may be developed or acquired or transferred at the direction of the governor or the secretary for purposes directly connected with the secretary's duties set forth herein.

(14) Hold the director of each health and human services department accountable for their administrative, fiscal, and program actions in the conduct of the respective powers and duties of their agencies.

(15) Identify opportunities for inclusion with the EOHHS' October 1, 2023, budget submission, to remove fixed eligibility thresholds for programs under its purview by establishing sliding scale decreases in benefits commensurate with income increases up to four hundred fifty percent (450%) of the federal poverty level. These shall include but not be limited to, medical assistance, childcare assistance, and food assistance.

(16) Ensure that insurers minimize administrative burdens on providers that may delay medically necessary care, including requiring that insurers do not impose a prior authorization requirement for any admission, item, service, treatment, or procedure ordered by an in-network primary care provider. Provided, the prohibition shall not be construed to prohibit prior authorization requirements for prescription drugs. Provided further, that as used in this subsection (16) of this section, the terms "insurer," "primary care provider," and "prior authorization" means the same as those terms are defined in § 27-18.9-2.

(17) The secretary shall convene, in consultation with the governor, an advisory working group to assist in the review and analysis of potential impacts of any adopted federal actions related to Medicaid programs. The working group shall develop options for administrative action or general assembly consideration that may be needed to address any federal funding changes that impact Rhode Island's Medicaid programs.

(i) The advisory working group may include, but not be limited to, the secretary of health and human services, director of management and budget, and designees from the following: state agencies, businesses, healthcare, public sector unions, and advocates.

(ii) As soon as practicable after the enactment federal budget for fiscal year 2026, but no later than October 31, 2025, the advisory working group shall forward a report to the governor, speaker of the house, and president of the senate containing the findings, recommendations and options for consideration to become compliant with federal changes prior to the governor's budget

submission pursuant to § 35-3-7.

(18) Promote fiscal integrity, transparency, and accountability in the state's healthcare system.

SECTION 2. Title 42 of the General Laws entitled "STATE AFFAIRS AND GOVERNMENT" is hereby amended by adding thereto the following chapter:

CHAPTER 7.5

HEALTHCARE ENTITY FISCAL INTEGRITY, TRANSPARENCY, AND ACCOUNTABILITY

42-7.5-1. Definitions.

For the purpose of this chapter:

(1) "Assessment" means the review of the financial reports submitted by reporting covered entities for the purposes of identifying financial strengths, weaknesses, and risks, tracking utilization and capacity, and may be the basis of initiating any authorized remedies or corrective actions deemed necessary and appropriate to address financial risks in accordance with implementing regulations promulgated by the secretary of the executive office of health and human services (EOHHS).

(2) "Audited financial statement" means the complete set of financial statements of a healthcare entity, including notes to the financial statements, which are subject to an independent audit in accordance with Generally Accepted Auditing Standards that certain reporting covered entities are required to submit to state and federal authorities. The quarterly reports required in this section should be approved by the governing board of the reporting covered entity although they are a supplement to and not a substitute for existing audited financial statement reporting requirements.

(3) "Bad debt" means loans or outstanding balances owed that are no longer deemed recoverable and are journaled as uncollectible accounts.

(4) "Department" means the executive office of health and human services.

(5) "Financial risk" means the possibility of facing adverse financial and/or operational consequences based on criteria established by regulations promulgated pursuant to this chapter by the secretary of EOHHS.

(6) "Fiscal integrity" means a financial system that operates in a transparent, and accountable way that promotes stability and solvency and in accordance with widely accepted financial rules and standards.

(7) "Imminent financial jeopardy" means an assessment finding indicating that a reporting covered entity is in financial distress that poses an immediate threat and significant likelihood of

financial insolvency, the ceasing of operations or admissions, the loss of licensure, accreditation, or certification for third party reimbursement, and/or the reduction of access to healthcare services to the extent that public health and safety may be adversely affected.

(8) "Parent organization" means an entity that has a controlling interest in one or more subsidiary reporting covered entities.

(9) "Quarterly financial report" means detailed information about a reporting covered entity's finances prepared by the entity in accordance with a format and/or set of specific auditing principles to be determined by the secretary.

(10) "Reporting covered entity" means:

(i) Hospitals licensed by the department of health and actively operating under § 23-17-4 and the associated implementing regulations established in 216-RICR-40-10-4, and their parent organizations.

(ii) Nursing facilities licensed by the department of health and actively operating pursuant to § 23-17-4 and the associated implementing regulations set forth in 216-RICR-40-10-1, and their parent organizations.

(iii) Federally qualified community health centers, hereinafter, FQHCs licensed by the state as a type of "organized ambulatory facility" in accordance with § 23-17-10 and implementing regulations at 216-RICR-40-10-3 and certified by the federal Centers for Medicare and Medicaid and the executive office of health and human services.

(iv) Certified community behavioral health clinics (CCBHCs) as defined in § 40.1-8.5-8 and certified and regulated by EOHHS with clinical oversight support provided by the department of behavioral healthcare, developmental disabilities and hospitals as the state's substance abuse disorder and mental health authority and the department of children, youth and families as the state's children's mental health authority, operating under applicable federal law.

(11) "Secretary" means the secretary of the executive office of health and human services.

42-7.5-2. Quarterly reporting required.

(a) Beginning October 1, 2026, reporting covered entities are required to submit quarterly financial reports including, but not limited to, balance sheet and income statement information showing cash on hand, accounts payable and accounts receivable, gross and net patient revenues, other income, operating costs by category, other expenses, investment income and non-patient services revenues, assets, liabilities, and net surplus or profit margin, uninsured and bad debt costs, and net charity care and any other information as may be required by the secretary.

The secretary shall consider ease of data collection, submission, and analysis from the perspective of both the reporting covered entities and the EOHHS when selecting a report format

and shall pursue electronic formats to the full extent feasible.

(b) Reporting covered entities shall submit quarterly reports to the secretary no later than sixty (60) business days after the end date of the preceding filing quarter. Quarters are as follows: Q1: January 1–March 31; Q2: April 1–June 30; Q3: July 1–September 30; Q4: October 1–December 31.

(c) Quarterly reports shall be signed by a reporting covered entity's chief financial officer or authorized financial signatory and include an attestation to the truthfulness and validity of the information contained in the report at the time it was filed with the secretary.

(d) The quarterly reports shall be reviewed and provide the basis for an assessment and analysis of each reporting covered entity's financial status and capacity. The secretary shall develop a process for conducting assessments and analyses of the reports in a systematic, objective, and timely manner. The secretary shall, if applicable, make findings of financial risk or imminent financial jeopardy as defined in this chapter as well as any noteworthy findings at least thirty (30) days prior to the deadline for the next quarterly report submission. The secretary may seek technical advice and support to assist in establishing this process and ensuring that it leverages existing information technology to the full extent feasible, and utilizes available objective data analytic tools. The secretary shall request that reporting covered entities provide quarterly financial statements in a mutually agreed upon format until such time as a permanent format is required.

(e) The secretary may also require a corrective action plan to address findings of financial risk, imminent financial jeopardy, or any other noteworthy finding.

42-7.5-3. Notification -- Remedies -- Corrective actions.

(a) Each reporting covered entity shall be notified of the dates of receipt of the report, the completion of the assessment and analyses, any finding of financial risk or imminent financial jeopardy, and any other additional information regarding the financial condition of the reporting covered entity. Consistent with the intent to ensure solvency of reporting covered entities, upon finding financial risk or imminent financial jeopardy, the secretary shall meet with the reporting covered entity to identify and document strategies to address the finding of financial risks or imminent financial jeopardy.

(b) If EOHHS makes a finding of financial risk or imminent financial jeopardy, the notification shall include:

(1) The possible range of corrective actions;

(2) The obligations of their owner(s)/operator(s) to cooperate;

(3) The requirement to provide a corrective action plan, follow-up reports, or any additional documentation that EOHHS may require and the associated due dates; and

(4) Any actions that may be imposed on the reporting covered entity for failing to comply.

(c) Any reporting covered entity that is required to provide an independent or other additional analyses including forensic audits as part of a corrective action plan is responsible for paying all associated costs.

(d) The secretary is authorized to require any fiscally sound, necessary, and appropriate actions to mitigate the findings of financial risks or imminent financial jeopardy of the reporting covered entity to secure health system stability.

(e) In circumstances in which government action may be warranted and no authority for such exists within the EOHHS, the department of health, the department of behavioral health, developmental disability, and hospitals, or any other state agency, the recommendations shall be forwarded forthwith to the governor for the prompt resolution of any imminent risks identified.

42-7.5-4. Restrictions.

Nothing in this chapter obligates EOHHS, the department of health, the department of behavioral health, developmental disability, and hospitals, or any other state agency, to provide financial assistance to a reporting covered entity with a finding of financial risk or imminent financial jeopardy.

42-7.5-5. Disclosure.

The secretary shall make available the findings from the required reports that is not otherwise protected as confidential or non-disclosable by federal or state laws and/or regulations.

42-7.5-6. Federal authorities and financing opportunities.

The secretary is authorized to pursue funding including, but not limited to, authorized Medicaid Federal Match opportunities, grants, and foundation awards to stabilize reporting covered entities found to be in imminent jeopardy and promote fiscal integrity, transparency and accountability in the state's healthcare system.

42-7.5-7. Rules and regulations.

The secretary is authorized to promulgate rules and regulations to carry out the provisions, policies, and purposes of this chapter.

SECTION 3. This act shall take effect upon passage.

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EXPLANATION

BY THE LEGISLATIVE COUNCIL

OF

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RELATING TO STATE AFFAIRS AND GOVERNMENT -- OFFICE OF HEALTH AND HUMAN SERVICES

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This act would promote fiscal integrity, transparency, and accountability in the state's healthcare system by mandating that the reporting covered health entities identified therein submit quarterly financial reports to the secretary to facilitate the regular and timely assessment of their financial soundness and identify any entities that may be facing financial risks with the potential to affect the overall stability of the state's healthcare system, equitable access to high-quality and affordable services, and the goals of the statewide health planning process.

This act would take effect upon passage.

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