

1 **ARTICLE 10**

2 **RELATING TO HEALTH AND HUMAN SERVICES**

3 SECTION 1. Sections 23-15-2, 23-15-4, 23-15-4.1, 23-15-4.2, 23-15-4.4, 23-15-5, 23-15-
4 6, 23-15-6.1, 23-15-10, and 23-15-11 of the General Laws in Chapter 23-15 entitled "Determination
5 of Need for New Healthcare Equipment and New Institutional Health Services" are hereby
6 amended to read as follows:

7 **23-15-2. Definitions.**

8 As used in this chapter:

9 (1) "Accessible" or "accessibility" means the ability of underserved populations to access
10 healthcare and as may be further defined in rules and regulations promulgated by the department.

11 ~~(+) (2) "Affected person" means and includes the person whose proposal is being reviewed,~~
12 ~~or the applicant, healthcare facilities located within the state that provide institutional health~~
13 ~~services, the state medical society, the state osteopathic society, those voluntary nonprofit area-~~
14 ~~wide planning agencies that may be established in the state, the state budget office, the office of~~
15 ~~health insurance commissioner, any hospital or medical-service corporation organized under the~~
16 ~~laws of the state, the statewide health coordinating council, contiguous health systems agencies,~~
17 and those members of the public who are to be served by the proposed, new institutional health
18 services or new healthcare equipment.

19 (3) "Affordable" means the relative ability of the people of the state to pay for, or incur the
20 cost, resulting from the proposed determination of need and as may be further defined in rules and
21 regulations promulgated by the department.

22 (4) "Applicant" means the person who has submitted a request for a certificate of need
23 review and approval in accordance with this chapter.

24 (5) "Capital expenditure" means the total non-recurring expenditures for physical
25 improvements, acquisition of existing buildings, land, and/or interests in land, including costs
26 associated therewith in excess of fifty million dollars (\$50,000,000) and as may be further defined
27 in rules and regulations promulgated by the department. Further, beginning on July 1, 2026 and
28 each July thereafter, the amount of the threshold shall be adjusted by the percentage of increase in
29 the consumer price index for all urban consumers (CPI-U) as published by the United States
30 Department of Labor Statistics as of September 30 of the prior calendar year. Expenditures related
31 to electronic health and management information systems shall not be considered capital
32 expenditures for the purposes of this chapter.

33 ~~(2) "Cost impact analysis" means a written analysis of the effect that a proposal to offer or~~
34 ~~develop new institutional health services or new healthcare equipment, if approved, will have on~~

1 ~~healthcare costs and shall include any detail that may be prescribed by the state agency in rules and~~
2 ~~regulations.~~

3 (6) “Department” means the Rhode Island department of health.

4 ~~(3)~~ (7) “Director” means the director of the Rhode Island state department of health.

5 ~~(4)(i)~~ (8) “Healthcare facility” means ~~any institutional health service provider, facility or~~
6 ~~institution, place, building, agency, or portion of them, whether a partnership or corporation,~~
7 ~~whether public or private, whether organized for profit or not, used, operated, or engaged in~~
8 ~~providing healthcare services that are limited to~~ hospitals, nursing facilities, ~~home nursing care~~
9 ~~provider, home care provider, hospice provider,~~ inpatient rehabilitation hospital centers ~~(including~~
10 ~~drug and/or alcohol abuse treatment centers), and~~ freestanding emergency-care facilities as defined
11 in § 23-17-2, ~~certain facilities providing surgical treatment to patients not requiring hospitalization~~
12 ~~(surgi centers, multi practice, physician ambulatory surgery centers and multi practice, podiatry~~
13 ~~ambulatory surgery centers) and facilities providing inpatient hospice care. Single practice~~
14 ~~physician or podiatry ambulatory surgery centers (as defined in § 23-17-2(17), (18), respectively)~~
15 ~~are exempt from the requirements of chapter 15 of this title; provided, however, that such~~
16 ~~exemption shall not apply if a single practice physician or podiatry ambulatory surgery center is~~
17 ~~established by a medical practice group (as defined in § 5-37-1) within two (2) years following the~~
18 ~~formation of such medical practice group, when such medical practice group is formed by the~~
19 ~~merger or consolidation of two (2) or more medical practice groups or the acquisition of one~~
20 ~~medical practice group by another medical practice group. The term “healthcare facility” does not~~
21 include Christian Science institutions (also known as Christian Science nursing facilities) listed and
22 certified by the Commission for Accreditation of Christian Science Nursing
23 Organizations/Facilities, Inc. ~~(ii) Any provider of hospice care who provides hospice care without~~
24 ~~charge shall be exempt from the provisions of this chapter.~~

25 ~~(5)~~ (9) “Healthcare provider” means a person who is a direct provider of health services
26 (including but not limited to licensed physicians, dentists, nurses, podiatrists, physician assistants,
27 or nurse practitioners) ~~in that~~ where the person’s ~~primary~~ current activity is the provision of
28 healthcare services for persons.

29 ~~(6)~~ (10) “Health services” means organized program components for preventive,
30 assessment, maintenance, diagnostic, treatment, and rehabilitative services provided in a healthcare
31 facility.

32 ~~(7)~~ (11) “Health services council” means the advisory body to the Rhode Island state
33 department of health established in accordance with chapter 17-13.1 of this title, appointed and
34 empowered as provided to serve as the advisory body to the ~~state agency~~ department in its review

1 functions under this chapter.

2 (12) “Innovation” means the potential of the proposal to demonstrate or provide one or
3 more innovative approaches or methods for attaining a more cost effective and/or efficient
4 healthcare system as may be further defined in rules and regulations promulgated by the
5 department.

6 ~~(8)~~ (13) “Institutional health services” means health services provided in or through
7 healthcare facilities and includes the entities in or through ~~that the~~ which such services are provided.

8 ~~(9)~~ (14) “New healthcare equipment” means linear accelerators and positron emission
9 tomography (PET). ~~, any single piece of medical equipment (and any components that constitute~~
10 ~~operational components of the piece of medical equipment) proposed to be utilized in conjunction~~
11 ~~with the provision of services to patients or the public, the capital costs of which would exceed two~~
12 ~~million two hundred fifty thousand dollars (\$2,250,000); provided, however, that the state agency~~
13 ~~shall exempt from review any application that proposes one for one equipment replacement as~~
14 ~~defined in regulation. Further, beginning July 1, 2012, and each July thereafter, the amount shall~~
15 ~~be adjusted by the percentage of increase in the consumer price index for all urban consumers (CPI-~~
16 ~~U) as published by the United States Department of Labor Statistics as of September 30 of the prior~~
17 ~~calendar year.~~

18 ~~(10)~~ (15) “New institutional health services” means and includes:

19 (i) Construction, development, or other establishment of a new healthcare facility.

20 (ii) Any capital expenditure as defined herein. ~~, except acquisitions of an existing~~
21 ~~healthcare facility, that will not result in a change in the services or bed capacity of the healthcare~~
22 ~~facility by, or on behalf of, an existing healthcare facility in excess of five million two hundred~~
23 ~~fifty thousand dollars (\$5,250,000) which is a capital expenditure including expenditures for~~
24 ~~predevelopment activities; provided further, beginning July 1, 2012, and each July thereafter, the~~
25 ~~amount shall be adjusted by the percentage of increase in the consumer price index for all urban~~
26 ~~consumers (CPI-U) as published by the United States Department of Labor Statistics as of~~
27 ~~September 30 of the prior calendar year.~~

28 (iii) Where a person makes an acquisition by, or on behalf of, a healthcare facility ~~or health~~
29 ~~maintenance organization~~ under lease or comparable arrangement or through donation, which
30 would have required review if the acquisition had been by purchase, the acquisition shall be deemed
31 a capital expenditure subject to review.

32 (iv) Any increase in ~~capital expenditure that results in the addition of a health service or~~
33 ~~that changes~~ the bed capacity of a licensed hospital. ~~healthcare facility with respect to which the~~
34 ~~expenditure is made, except that the state agency may exempt from review, by rules and regulations~~

1 ~~promulgated for this chapter, any bed reclassifications made to licensed nursing facilities and~~
2 ~~annual increases in licensed bed capacities of nursing facilities that do not exceed the greater of ten~~
3 ~~(10) beds or ten percent (10%) of facility licensed bed capacity and for which the related capital~~
4 ~~expenditure does not exceed two million dollars (\$2,000,000).~~

5 ~~(v) Any health service proposed to be offered to patients or the public by a healthcare~~
6 ~~facility that was not offered on a regular basis in or through the facility within the twelve month~~
7 ~~(12) period prior to the time the service would be offered, and that increases operating expenses by~~
8 ~~more than one million five hundred thousand dollars (\$1,500,000), except that the state agency may~~
9 ~~exempt from review, by rules and regulations promulgated for this chapter, any health service~~
10 ~~involving reclassification of bed capacity made to licensed nursing facilities. Further, beginning~~
11 ~~July 1, 2012, and each July thereafter, the amount shall be adjusted by the percentage of increase~~
12 ~~in the consumer price index for all urban consumers (CPI-U) as published by the United States~~
13 ~~Department of Labor Statistics as of September 30 of the prior calendar year.~~

14 ~~(vi) (v) Any new or expanded tertiary or specialty care service in the following areas:~~
15 ~~cardiac catheterization, obstetrics, open heart surgery, organ transplantation, and neonatal intensive~~
16 ~~care services. , regardless of capital expense or operating expense, as defined by and listed in~~
17 ~~regulation, the list not to exceed a total of twelve (12) categories of services at any one time and~~
18 ~~shall include full body magnetic resonance imaging and computerized axial tomography; provided,~~
19 ~~however, that the state agency shall exempt from review any application that proposes one for one~~
20 ~~equipment replacement as defined by and listed in regulation. Acquisition of full body magnetic~~
21 ~~resonance imaging and computerized axial tomography shall not require a certificate of need~~
22 ~~review and approval by the state agency if satisfactory evidence is provided to the state agency that~~
23 ~~it was acquired for under one million dollars (\$1,000,000) on or before January 1, 2010, and was~~
24 ~~in operation on or before July 1, 2010.~~

25 ~~(11) (16) “Person” means any individual, trust or estate, partnership, corporation (including~~
26 ~~associations, joint stock companies, limited liability corporations, and insurance companies), state~~
27 ~~or political subdivision, or instrumentality of a state.~~

28 ~~(12) “Predevelopment activities” means expenditures for architectural designs, plans,~~
29 ~~working drawings, and specifications, site acquisition, professional consultations, preliminary~~
30 ~~plans, studies, and surveys made in preparation for the offering of a new, institutional health~~
31 ~~service.~~

32 ~~(13) “State agency” means the Rhode Island state department of health.~~

33 ~~(14) (17) “To develop” means to undertake those activities that, on their completion, will~~
34 ~~result in the offering of a new, institutional health service or new healthcare equipment or the~~

1 incurring of a financial obligation, in relation to the offering of that service.

2 ~~(15)~~ (18) “To offer” means to hold oneself out as capable of providing, or as having the
3 means for the provision of, specified health services or healthcare equipment.

4 23-15-4. Review and approval of new health care equipment and new institutional
5 health services.

6 (a) No ~~health care healthcare provider or health care healthcare facility~~ person shall
7 develop or offer new health care equipment or new institutional health services in Rhode Island,
8 the magnitude of which exceeds the limits defined by this chapter, without prior review by the
9 health services council and approval by the department ~~state agency~~; except that review by the
10 health services council may be waived in the case of expeditious reviews conducted in accordance
11 with § 23-15-5. ~~, and except that health maintenance organizations which fulfill criteria to be~~
12 ~~established in rules and regulations promulgated by the state agency with the advice of the health~~
13 ~~services council shall be exempted from the review and approval requirement established in this~~
14 ~~section upon approval by the state agency of an application for exemption from the review and~~
15 ~~approval requirement established in this section which contain any information that the state agency~~
16 ~~may require to determine if the health maintenance organization meets the criteria.~~

17 (b) No approval shall be made without an adequate demonstration of need by the applicant
18 ~~at the time and place and under the circumstances proposed~~, nor shall the approval be made without
19 a determination that a proposal for which need has been demonstrated is also affordable and
20 accessible by the people of the state.

21 ~~(e) No approval of new institutional health services for the provision of health services to~~
22 ~~inpatients shall be granted unless the written findings required in accordance with § 23-15-6(b)(6)~~
23 ~~are made.~~

24 ~~(d)~~ (c) Applications for determination of need shall be filed with the department ~~state~~
25 ~~agency on a date fixed by the state agency~~ together with plans and specifications and any other
26 appropriate data and information that the department ~~state agency~~ shall require by regulation, ~~and~~
27 ~~shall be considered in relation to each other no less than once a year.~~ A duplicate copy of each
28 application together with all supporting documentation shall be kept on file by the department ~~state~~
29 ~~agency~~ as a public record.

30 ~~(e)~~ (d) ~~The health services council shall may consider, but shall not be limited to, the~~
31 ~~following in conducting reviews and determining need:~~ In its recommendations to the department,
32 the health services council may assess criteria, including but not limited to, affordability,
33 accessibility, innovation and quality standards, as further defined in regulations adopted by the
34 department.

- 1 ~~(1) The relationship of the proposal to state health plans that may be formulated by the state~~
2 ~~agency;~~
- 3 ~~(2) The impact of approval or denial of the proposal on the future viability of the applicant~~
4 ~~and of the providers of health services to a significant proportion of the population served or~~
5 ~~proposed to be served by the applicant;~~
- 6 ~~(3) The need that the population to be served by the proposed equipment or services has~~
7 ~~for the equipment or services;~~
- 8 ~~(4) The availability of alternative, less costly, or more effective methods of providing~~
9 ~~services or equipment, including economies or improvements in service that could be derived from~~
10 ~~feasible cooperative or shared services;~~
- 11 ~~(5) The immediate and long term financial feasibility of the proposal, as well as the~~
12 ~~probable impact of the proposal on the cost of, and charges for, health services of the applicant;~~
- 13 ~~(6) The relationship of the services proposed to be provided to the existing health care~~
14 ~~system of the state;~~
- 15 ~~(7) The impact of the proposal on the quality of health care in the state and in the population~~
16 ~~area to be served by the applicant;~~
- 17 ~~(8) The availability of funds for capital and operating needs for the provision of the services~~
18 ~~or equipment proposed to be offered;~~
- 19 ~~(9) The cost of financing the proposal including the reasonableness of the interest rate, the~~
20 ~~period of borrowing, and the equity of the applicant in the proposed new institutional health service~~
21 ~~or new equipment;~~
- 22 ~~(10) The relationship, including the organizational relationship of the services or~~
23 ~~equipment proposed, to ancillary or support services;~~
- 24 ~~(11) Special needs and circumstances of those entities which provide a substantial portion~~
25 ~~of their services or resources, or both, to individuals not residing within the state;~~
- 26 ~~(12) Special needs of entities such as medical and other health professional schools,~~
27 ~~multidisciplinary clinics, and specialty centers; also, the special needs for and availability of~~
28 ~~osteopathic facilities and services within the state;~~
- 29 ~~(13) In the case of a construction project:~~
 - 30 ~~(i) The costs and methods of the proposed construction;~~
 - 31 ~~(ii) The probable impact of the construction project reviewed on the costs of providing~~
32 ~~health services by the person proposing the construction project; and~~
 - 33 ~~(iii) The proposed availability and use of safe patient handling equipment in the new or~~
34 ~~renovated space to be constructed.~~

1 ~~(14) Those appropriate considerations that may be established in rules and regulations~~
2 ~~promulgated by the state agency with the advice of the health services council;~~

3 ~~(15) The potential of the proposal to demonstrate or provide one or more innovative~~
4 ~~approaches or methods for attaining a more cost-effective and/or efficient health care system;~~

5 ~~(16) The relationship of the proposal to the need indicated in any requests for proposals~~
6 ~~issued by the state agency;~~

7 ~~(17) The input of the community to be served by the proposed equipment and services and~~
8 ~~the people of the neighborhoods close to the health care facility who are impacted by the proposal;~~

9 ~~(18) The relationship of the proposal to any long-range capital improvement plan of the~~
10 ~~health care facility applicant.~~

11 ~~(19) Cost impact statements forwarded pursuant to subsection 23-15-6(e).~~

12 ~~(f)~~ (e) In conducting its review, the health services council shall perform the following:

13 ~~(1)~~ Within one hundred and fifteen (115) days after initiating its review, which must be
14 commenced no later than thirty-one (31) days after the filing of an application, the health services
15 council shall make recommendations to the department relative to approval or denial of the new
16 institutional health services or new health care equipment proposed. ~~determine as to each proposal~~
17 ~~whether the applicant has demonstrated need at the time and place and under the circumstances~~
18 ~~proposed, and in doing so may apply the criteria and standards set forth in subsection (e) of this~~
19 ~~section; provided however, that a determination of need shall not alone be sufficient to warrant a~~
20 ~~recommendation to the state agency that a proposal should be approved.~~ The director shall render,
21 in writing, his or her decision within ~~five (5)~~ ten (10) days of the determination of the health services
22 council.

23 ~~(2) Prior to the conclusion of its review in accordance with § 23-15-6(e), the health services~~
24 ~~council shall evaluate each proposal for which a determination of need has been established in~~
25 ~~relation to other proposals, comparing proposals with each other, whether similar or not,~~
26 ~~establishing priorities among the proposals for which need has been determined, and taking into~~
27 ~~consideration the criteria and standards relating to relative need and affordability as set forth in~~
28 ~~subsection (e) of this section and § 23-15-6(f).~~

29 ~~(3) At the conclusion of its review, the health services council shall make recommendations~~
30 ~~to the state agency relative to approval or denial of the new institutional health services or new~~
31 ~~health care equipment proposed; provided that:~~

32 ~~(i) The health services council shall recommend approval of only those proposals found to~~
33 ~~be affordable in accordance with the provisions of § 23-15-6(f); and~~

34 ~~(ii) If the state agency proposes to render a decision that is contrary to the recommendation~~

1 ~~of the health services council, the state agency must render its reasons for doing so in writing.~~

2 ~~(e)~~ (f) Approval of new institutional health services or new health care equipment by the
3 ~~department state agency shall~~ may be subject to conditions as necessary to promote affordability,
4 accessibility, innovation, and quality standards. ~~that may be prescribed by rules and regulations~~
5 ~~developed by the state agency with the advice of the health services council, but those conditions~~
6 ~~must relate to the considerations enumerated in subsection (e) and to considerations that may be~~
7 ~~established in regulations in accordance with subsection (e)(14).~~

8 ~~(h)~~ (g) The offering or developing of new institutional health services or health care
9 equipment by a health care facility without prior review by the health services council and approval
10 by the ~~department state agency~~ shall be grounds for the imposition of licensure sanctions on the
11 facility, including denial, suspension, revocation, or curtailment or for imposition of any monetary
12 fines that may be statutorily permitted by virtue of individual health care facility licensing statutes.

13 ~~(i)~~ (h) No government agency ~~and no hospital or medical service corporation organized~~
14 ~~under the laws of the state~~ shall reimburse any person ~~health care facility or health care provider~~
15 for the costs associated with offering or developing new institutional health services or new health
16 care equipment unless the person ~~health care facility or health care provider~~ has received the
17 approval of the ~~department state agency~~ in accordance with this chapter. ~~Government agencies and~~
18 ~~hospital and medical service corporations organized under the laws of the state shall, during budget~~
19 ~~negotiations, hold health care facilities and health care providers accountable to operating~~
20 ~~efficiencies claimed or projected in proposals which receive the approval of the state agency in~~
21 ~~accordance with this chapter.~~

22 ~~(j)~~ (i) In addition, the ~~department state agency~~ shall not make grants to, enter into contracts
23 with, or recommend approval of the use of federal or state funds by any person ~~health care facility~~
24 ~~or health care provider~~ which proceeds with the offering or developing of new institutional health
25 services or new health care equipment after disapproval by the ~~department state agency~~.

26 (j) The department may promulgate regulations as are necessary to effectuate the purposes
27 of this chapter.

28 **23-15-4.1. Exemption for nonclinical capital expenditures.**

29 Notwithstanding the requirements of any other provisions of any general or public laws,
30 capital expenditures by a health care facility that are not directly related to the provision of health
31 services as defined in this chapter, ~~including, but not limited to, capital expenditures for parking~~
32 ~~lots, billing computer systems, and telephone,~~ shall not require a certificate of need review and
33 approval by the ~~department state agency~~.

34 **23-15-4.2. Exemption for Research**

1 Notwithstanding the requirements of any other provisions of any general or public laws,
2 capital expenditures by a health care facility related to research in basic biomedical or medical
3 research areas that are not directly related to the provision of clinical or patient care services shall
4 not require a certificate of need review and approval by the department ~~state agency~~.

5 **23-15-4.4. Exemption for voter approved capital bond issues and other state capital**
6 **funds for health care facilities.**

7 Notwithstanding the requirements of any other provisions of any general law or public
8 laws, voter approved state bond issues authorizing capital expenditures and any appropriations or
9 authorization of state capital funds by the General Assembly for state health care facilities shall not
10 require a certificate of need review and approval by the department ~~state agency~~.

11 **23-15-5. Expeditious review.**

12 (a) Any person who proposes to offer or develop new institutional health services or new
13 healthcare equipment for documented emergency needs; or for the purpose of eliminating or
14 preventing documented fire or safety hazards affecting the lives and health of patients or staff; or
15 for compliance with accreditation standards required for receipt of federal or state reimbursement;
16 or for any other purpose ~~that the state agency may specify~~ as may be further defined in rules and
17 regulations promulgated by the department, may apply for an expeditious review. The department
18 ~~state agency~~ may exercise its discretion in recommending approvals through an expeditious review;
19 ~~except that no new institutional health service or new healthcare equipment may be approved~~
20 ~~through the expeditious review if provision of the new institutional health service or new healthcare~~
21 ~~equipment is contra indicated by the state health plan as may be formulated by the state agency.~~
22 Specific procedures for the conduct of expeditious reviews shall be promulgated in rules and
23 regulations adopted by the department ~~state agency~~ with the advice of the health services council.

24 ~~(b) The decision of the state agency not to conduct an expeditious review shall be~~
25 ~~reconsidered upon a written petition to the state agency, and the state agency shall be required to~~
26 ~~respond to the written petition within ten (10) days stating whether expeditious review is granted.~~
27 ~~If the request for reconsideration is denied, the state agency shall state the reasons in writing why~~
28 ~~the expeditious request had been denied.~~

29 ~~(c) The decision of the state agency in connection with an expeditious review shall be~~
30 ~~rendered within thirty (30) days after the commencement of said review.~~

31 ~~(d) Any healthcare facility that provides a service performed in another state and that is not~~
32 ~~performed in the state of Rhode Island, or such service is performed in the state on a very limited~~
33 ~~basis, shall be granted expeditious review upon request under this section, provided that such~~
34 ~~service, among other things, has a clear effect on the timeliness, access, or quality of care and is~~

1 ~~able to meet licensing standards.~~

2 **23-15-6. Procedures for review.**

3 (a) The ~~department~~ state agency, with the advice of the health services council, and in
4 accordance with the Administrative Procedures Act, chapter 35 of title 42, after public hearing
5 pursuant to reasonable notice, which notice shall include affected persons, shall promulgate
6 appropriate rules and regulations that may be designated to further the accomplishment of the
7 purposes of this chapter including the formulation of procedures that may be particularly necessary
8 for the conduct ~~on~~ of reviews of particular types of new institutional health services or new health
9 care equipment.

10 (b) Review procedures promulgated in accordance with subsection (a) shall include at least
11 the following, except that substitute procedures for the conduct of expeditious ~~and accelerated~~
12 reviews may be promulgated by the ~~department~~ state agency in accordance with § 23-15-5:

13 (1) Provision that the ~~department~~ state agency established a process requiring potential
14 applicants to file a detailed letter of intent to submit an application at least forty-five (45) days prior
15 to the submission of an application and that the state agency shall undertake reviews in a timely
16 fashion ~~no less often than twice a year~~ and give written notification to affected persons of the
17 beginning of the review. ~~including the proposed schedule for the review, the period within which~~
18 ~~a public meeting may be held, and the manner by which notification will be provided of the time~~
19 ~~and place of any public meeting so held.~~

20 ~~(2) Provision that no more than one hundred and twenty (120) days shall elapse between~~
21 ~~initial notification of affected persons and the final decision of the state agency.~~

22 ~~(3)~~ (2) Provision that, if the ~~department~~ state agency fails to act upon an application within
23 the applicable period established in ~~subsection (b)(2)~~ § 23-15-4(e)(1), the applicant may apply to
24 the superior court of Providence County to require the ~~department~~ state agency to act upon the
25 application.

26 ~~(4)~~ (3) Provision for review ~~and comment~~ by the health services council and comment by
27 any affected person, ~~including but not limited to those parties defined in § 23-15-2(1) and the~~
28 ~~department of business regulation, the department of behavioral healthcare, developmental~~
29 ~~disabilities and hospitals, the department of human services, health maintenance organizations, and~~
30 the state professional standards review organization, on every application for the determination of
31 need.

32 ~~(5) Provision that a public meeting may be held during the course of the state agency review~~
33 ~~at which any person may have the opportunity to present testimony. Procedures for the conduct of~~
34 ~~the public meeting shall be established in rules and regulations promulgated by the state agency~~

1 ~~with the advice of the health services council.~~

2 ~~(6) (4)(i) Provision for issuance of a written decision by the department ~~state agency~~ which~~
3 ~~shall ~~be based upon~~ address and consider the findings and recommendations of the health services~~
4 ~~council ~~unless the department ~~state agency~~ shall afford written justification for variance from that~~~~
5 ~~decision.~~

6 (ii) In the case of any proposed new institutional health service for the provision of health
7 services to inpatients, a state agency shall not make a finding that the proposed new institutional
8 health service is needed, unless it makes written ~~findings~~ recommendations as to:

9 (A) The efficiency and appropriateness of the use of existing inpatient facilities providing
10 inpatient services similar to those proposed;

11 (B) The capital and operating costs (and their potential impact on patient charges),
12 efficiency, and appropriateness of the proposed new institutional health services; and

13 ~~(C) Makes each of the following findings in writing:~~

14 ~~(I) That superior alternatives to inpatient services in terms of cost, efficiency, and~~
15 ~~appropriateness do not exist and that the development of alternatives is not practicable;~~

16 ~~(II) That, in the case of new construction, alternatives to new construction (e.g.,~~
17 ~~modernization or sharing arrangements) have been considered and implemented to the maximum~~
18 ~~extent practicable;~~

19 ~~(III) That patients will experience serious problems in terms of costs, availability, or~~
20 ~~accessibility, or any other problems that may be identified by the state agency, in obtaining inpatient~~
21 ~~care of the type proposed in the absence of the proposed new service; and~~

22 ~~(IV) That, in the case of a proposal for the addition of beds for the provision of skilled~~
23 ~~nursing or intermediate care, the relationship of the addition to the plans of other agencies of the~~
24 ~~state responsible for providing and financing long term care (including home health services) has~~
25 ~~been considered.~~

26 ~~(7) (5) Provision for the distribution of the decision of the department ~~state agency~~,~~
27 ~~including its findings and recommendations, to the applicant and to affected persons.~~

28 ~~(8) (6) Provision that the department ~~state agency~~ may approve or disapprove in whole or~~
29 ~~in part any application as submitted, but that the parties may mutually agree to a modification of~~
30 ~~any element of an application as submitted, without requiring resubmission of the application.~~

31 ~~(9) (7)(i) Provision that any person affected may request in writing reconsideration of a~~
32 ~~state agency decision if the person:~~

33 ~~(A) Presents significant relevant information not previously considered by the state~~
34 ~~agency;~~

1 ~~(B) Demonstrates that there have been significant changes in factors or circumstances~~
2 ~~relied upon by the state agency in reaching its decision;~~

3 ~~(C) Demonstrates that the state agency has materially failed to follow its adopted~~
4 ~~procedures in reaching its decision; or~~

5 ~~(D) Provides any other basis for reconsideration that the state agency may have determined~~
6 ~~by regulation to constitute good cause.~~

7 (ii) Procedures for reconsideration upon request of the applicant shall be established in
8 regulations promulgated by the department ~~state agency~~ with the advice of the health services
9 council.

10 ~~(10) (8) Provision that upon the request of any affected person, the decision of the state~~
11 ~~agency to issue, deny, or withdraw a certificate of need or to grant or deny an exemption shall be~~
12 ~~administratively reviewed under an appeals mechanism provided for in the rules and regulations of~~
13 ~~the state agency, with the review to be conducted by a hearing officer appointed by the director of~~
14 ~~health. The procedures for judicial review shall be in accordance with the provisions of § 42-35-~~
15 ~~15. Provision for appeal by the applicant of the department's decision in accordance with § 42-35-~~
16 ~~15.1(a).~~

17 (c) The department ~~state agency~~ shall publish, at least annually, a report of reviews of new
18 institutional health services and new health care equipment conducted, together with the findings
19 and decisions rendered in the course of the reviews. ~~The reports shall be published on or about~~
20 ~~February 1 of each year and shall contain evaluations of the prior year's statutory changes where~~
21 ~~feasible.~~

22 (d) All applications reviewed by the department ~~state agency~~ and all written materials
23 pertinent to the department's ~~state agency~~ review, including minutes of all health services council
24 meetings, shall be accessible to the public upon request.

25 ~~(e) In the case of review of proposals by health care facilities who by contractual~~
26 ~~agreement, chapter 19 of title 27, or other statute are required to adhere to an annual schedule of~~
27 ~~budget or reimbursement determination to which the state is a party, the state budget office, the~~
28 ~~office of the health insurance commissioner, and hospital service corporations organized under~~
29 ~~chapter 19 of title 27 shall forward to the health services council within forty five (45) days of the~~
30 ~~initiation of the review of the proposals by the health services council under § 23-15-4(f)(1):~~

31 ~~(1) A cost impact analysis of each proposal which analysis shall include, but not be limited~~
32 ~~to, consideration of increases in operating expenses, per diem rates, health care insurance~~
33 ~~premiums, and public expenditures; and~~

34 ~~(2) Comments on acceptable interest rates and minimum equity contributions and/or~~

1 ~~maximum debt to be incurred in financing needed proposals.~~

2 ~~(f) The health services council shall not make a recommendation to the state agency that a~~
3 ~~proposal be approved unless it is found that the proposal is affordable to the people of the state. In~~
4 ~~determining whether or not a proposal is affordable, the health service council shall consider the~~
5 ~~condition of the state's economy, the statements of authorities and/or parties affected by the~~
6 ~~proposals, and any other factors that it may deem appropriate.~~

7 **23-15-6.1. Action subsequent to review.**

8 Development of any new institutional health services or new health care equipment
9 approved by the ~~department state agency~~ must be initiated within ~~one~~ two years of the date of the
10 approval ~~and may not exceed the maximum amount of capital expenditures specified in the decision~~
11 ~~of the state agency without prior authorization of the state agency.~~ The ~~department state agency,~~
12 with the advice of the health services council, shall ~~adopt procedures~~ promulgate rules and
13 regulations for the review of the applicant's failure to develop new institutional health services or
14 new health care equipment within the timeframe ~~and capital limitation~~ stipulated in this section,
15 and for the withdrawal of approval in the absence of a good faith effort to meet the stipulated
16 timeframe.

17 **23-15-10. Application fees.**

18 The ~~department state agency~~ shall require that any applicant for certificate of need submit
19 an application fee prior to requesting any review of matters pursuant to the requirements of this
20 chapter; except that health care facilities and equipment owned and operated by the state of Rhode
21 Island shall be exempt from this application fee requirement. The application fee shall be paid by
22 check made payable to the general treasurer. Except for applications that propose new or expanded
23 ~~tertiary or specialty care~~ services as defined in subdivision ~~23-15-2(10)(vi)~~ 23-15-2(15)(v),
24 submission of any application filed in accordance with § 23-15-4(d) shall include an application
25 fee of five hundred dollars (\$500) per application plus an amount equal to one quarter of one percent
26 (0.25%) of the total capital expenditure costs associated with the application. ~~For an application~~
27 ~~filed in accordance with the requirements of § 23-15-5 (Expeditious review), the application shall~~
28 ~~include an application processing fee of seven hundred and fifty dollars (\$750) per application plus~~
29 ~~an amount equal to one quarter of one percent (0.25%) of the total capital expenditure costs~~
30 ~~associated with the application.~~ Applications that propose new or expanded ~~tertiary or specialty~~
31 ~~care~~ services as defined in subdivision ~~23-15-2(10)(vi)~~ 23-15-2(15)(v), shall include an application
32 fee of ten thousand dollars (\$10,000) plus an amount equal to one quarter of one percent (0.25%)
33 of the total capital expenditure costs associated with the application. Application fees shall be non-
34 refundable once the formal review of the application has commenced. All fees received pursuant

1 to this chapter shall be deposited in the general fund.

2 **23-15-11. Reports, use of experts, and all costs and expenses.**

3 The department ~~state-agency~~ may in effectuating the purposes of this chapter engage
4 experts or consultants including, but not limited to, actuaries, investment bankers, accountants,
5 attorneys, or industry analysts. Except for privileged or confidential communications between the
6 department ~~state-agency~~ and engaged attorneys, all copies of final reports prepared by experts and
7 consultants, and all costs and expenses associated with the reports, shall be public. All costs and
8 expenses incurred under this provision shall be the responsibility of the applicant in an amount to
9 be determined by the director as he or she shall deem appropriate. No application made pursuant to
10 the requirements of this chapter shall be considered complete unless an agreement has been
11 executed with the director for the payment of all costs and expenses in accordance with this section.
12 The maximum cost and expense to an applicant for experts and/or consultants that may be required
13 by the department ~~state-agency~~ shall be fifty ~~twenty~~ thousand dollars (~~\$20,000~~ \$50,000); provided
14 however, that the maximum amount shall be increased ~~by regulations promulgated by the state~~
15 ~~agency on or after January 1, 2008~~ annually by the most recently available annual increase in the
16 federal consumer price index as determined by the department ~~state-agency~~.

17 SECTION 2. Sections 23-17.5-32, 23-17.5-33, and 23-17.5-34 of the General Laws in
18 Chapter 23-17.5 entitled "Rights of Nursing Home Patients" are hereby amended to read as follows:

19 **23-17.5-32 Minimum staffing levels.**

20 (a) Each facility shall have the necessary nursing service personnel (licensed and non-
21 licensed) in sufficient numbers on a twenty-four (24) hour basis, to assess the needs of residents,
22 to develop and implement resident care plans, to provide direct resident care services, and to
23 perform other related activities to maintain the health, safety, and welfare of residents. The
24 facility shall have a registered nurse on the premises twenty-four (24) hours a day.

25 (b) For purposes of this section, the following definitions shall apply:

26 (1) "Direct caregiver" means a person who receives monetary compensation as an
27 employee of the nursing facility or a subcontractor as a director of nursing services, a nurse
28 (RNs/LPNs) with administrative duties, a registered nurse, a licensed practical nurse, a
29 medication technician, a certified nurse assistant, a licensed physical therapist, a physical therapy
30 assistant, a licensed occupational therapist, a certified occupational therapy assistant, a licensed
31 speech-language pathologist, a licensed respiratory care practitioner, a mental health worker who
32 is also a certified nurse assistant, a nurse aide in training, a social worker, or an activities
33 director/aide.

34 (2) "Hours of direct nursing care" means the actual hours of work performed per patient

1 day by a direct caregiver.

2 (c)(i) Commencing on January 1, 2022, nursing facilities shall provide a quarterly
3 minimum average of three and fifty-eight hundredths (3.58) hours of direct nursing care per
4 resident, per day, of which at least two and forty-four hundredths (2.44) hours shall be provided
5 by certified nurse assistants.

6 (ii) Commencing on January 1, 2023, nursing facilities shall provide a quarterly
7 minimum of three and eighty-one hundredths (3.81) hours of direct nursing care per resident, per
8 day, of which at least two and six tenths (2.6) hours shall be provided by certified nurse assistants

9 (iii) Commencing on July 1, 2025, nursing facilities shall provide a quarterly minimum
10 of three and eighty-one hundredths (3.81) hours of direct nursing care per resident per day of
11 which at least two and two tenths (2.2) hours shall be provided by certified nursing assistants
12 (CNAs), certified nursing assistants (CNAs) who are specially trained and licensed as medication
13 aides, and nurse aides in training.

14 ~~(d) Director of nursing hours and nursing staff hours spent on administrative duties or~~
15 ~~non direct caregiving tasks are excluded and may not be counted toward compliance with the~~
16 ~~minimum staffing hours requirement in this section.~~

17 ~~(e)~~(d) The minimum hours of direct nursing care requirements shall be minimum
18 standards only. Nursing facilities shall employ and schedule additional staff as needed to ensure
19 quality resident care based on the needs of individual residents and to ensure compliance with all
20 relevant state and federal staffing requirements.

21 ~~(f)~~(e) The department shall promulgate rules and regulations to amend the Rhode Island
22 code of regulations in consultation with stakeholders to implement these minimum staffing
23 requirements on or before October 15, 2021.

24 ~~(g) On or before January 1, 2024, and every five (5) years thereafter, the department shall~~
25 ~~consult with consumers, consumer advocates, recognized collective bargaining agents, and~~
26 ~~providers to determine the sufficiency of the staffing standards provided in this section and may~~
27 ~~promulgate rules and regulations to increase the minimum staffing ratios to adequate levels.~~

28 **23-17.5-33. Minimum staffing level compliance and enforcement program.**

29 (a) Compliance determination.

30 (1) The department shall submit proposed rules and regulations for adoption by October
31 15, 2021, establishing a system for determining compliance with minimum staffing requirements
32 set forth in § 23-17.5-32.

33 (2) Compliance shall be determined quarterly by comparing the number of hours
34 provided per resident, per day using the Centers for Medicare and Medicaid Services' payroll-

1 based journal and the facility's daily census, as self-reported by the facility to the department on a
2 quarterly basis.

3 (3) The department shall use the quarterly payroll-based journal and the self-reported
4 census to calculate the number of hours provided per resident, per day and compare this ratio to
5 the minimum staffing standards required under § 23-17.5-32. Discrepancies between job titles
6 contained in § 23-17.5-32 and the payroll-based journal shall be addressed by rules and
7 regulations.

8 (b) Monetary penalties.

9 (1) The department shall submit proposed rules and regulations for adoption on or before
10 October 15, 2021, implementing monetary penalty provisions for facilities not in compliance with
11 minimum staffing requirements set forth in § 23-17.5-32.

12 (2) Monetary penalties shall be imposed quarterly and shall be based on the latest quarter
13 for which the department has data.

14 (3) No monetary penalty may be issued for noncompliance with the increase in the
15 standard set forth in § 23-17.5-32(c)(ii) from January 1, 2023, to March 31, 2023. If a facility is
16 found to be noncompliant with the increase in the standard during the period that extends from
17 January 1, 2023, to March 31, 2023, the department shall provide a written notice identifying the
18 staffing deficiencies and require the facility to provide a sufficiently detailed correction plan to
19 meet the statutory minimum staffing levels.

20 (4) Monetary penalties shall be established based on a formula that calculates on a daily
21 basis the cost of wages and benefits for the missing staffing hours.

22 (5) All notices of noncompliance shall include the computations used to determine
23 noncompliance and establishing the variance between minimum staffing ratios and the
24 department's computations.

25 ~~(6) The penalty for the first offense shall be two hundred percent (200%) of the cost of~~
26 ~~wages and benefits for the missing staffing hours. The penalty shall increase to two hundred fifty~~
27 ~~percent (250%) of the cost of wages and benefits for the missing staffing hours for the second~~
28 ~~offense and three hundred percent (300%) of the cost of wages and benefits for the missing~~
29 ~~staffing hours for the third and all subsequent offenses.~~

30 ~~(7) For facilities that have an offense in three (3) consecutive quarters, EOHHS shall~~
31 ~~deny any further Medicaid Assistance payments with respect to all individuals entitled to benefits~~
32 ~~who are admitted to the facility on or after January 1, 2022, or shall freeze admissions of new~~
33 ~~residents.~~

34 (c)(1) The penalty shall be imposed regardless of whether the facility has committed

1 other violations of this chapter during the same period that the staffing offense occurred.

2 ~~(2) The penalty may not be waived except as provided in subsection (c)(3) of this section,~~
3 ~~but the department shall have the discretion to determine the gravity of the violation in situations~~
4 ~~where there is no more than a ten percent (10%) deviation from the staffing requirements and~~
5 ~~make appropriate adjustments to the penalty.~~

6 (2) Beginning July 1, 2025, the Department shall impose a fine of up to one thousand
7 dollars (\$1,000.00) per day for each day in a quarter in which a facility fails to comply with the
8 minimum nursing staff requirements for the quarterly average, unless mitigating factors exist.
9 The department may reduce penalties, to an amount no lower than two hundred and fifty dollars
10 (\$250.00) per day in a quarter that a facility is non-compliant, if the department determines, in its
11 sole discretion, that any of the following mitigating circumstances existed during the period of
12 non-compliance:

13 ~~(a)~~ (i) Extraordinary circumstances faced the facility. For the purposes of this clause,
14 extraordinary circumstances shall mean that the facility experienced a natural disaster; a
15 national emergency affecting the facility has been officially declared; a State or
16 municipal emergency affecting the facility has been declared; or the facility experienced
17 a catastrophic event that caused physical damage to the facility or impaired the ability of
18 facility personnel to access the facility. Provided, however, that the facility must first
19 demonstrate, to the satisfaction of the department that such extraordinary circumstances
20 could not have been prevented or mitigated through effective implementation of any of
21 the facility's emergency plans, or

22 ~~(b)~~ (ii) An acute labor supply shortage of nurse aides, certified nurse aides, licensed
23 practical nurses, or registered nurses exists in the metropolitan and nonmetropolitan area
24 in which the facility is located, as such areas are defined by the federal Bureau of Labor
25 Statistics.

26 ~~(3) The department is granted discretion to waive the penalty when unforeseen~~
27 ~~circumstances have occurred that resulted in call-offs of scheduled staff. This provision shall be~~
28 ~~applied no more than two (2) times per calendar year.~~

29 (3) A nursing facility may seek from the Department a waiver of the minimum direct care
30 staffing requirements required hereunder. In deciding on the waiver request, the Director's
31 determination shall be based on one or more of the following:

32 (i) the acuity levels of residents and how stable those levels are based on the case mix of
33 residents;

34 (ii) documented evidence of the facility's inability to meet minimum staffing

1 [requirements, despite best efforts, such as offering wages at competitive rates for nursing facility](#)
2 [staff in the community;](#)

3 [\(iii\) whether the facility has undergone a system-wide culture change as described in §](#)
4 [23-17-44\(d\) and the impact the facility asserts that such change has had on resident care; and](#)

5 [\(iv\) the quality performance of the nursing facility, as evidenced by a four- or five-star](#)
6 [overall rating from the Centers for Medicare or Medicaid Services \(“CMS”\), or a four- or five-](#)
7 [star overall rating in the areas of quality or staffing, or consistent survey performance with no](#)
8 [deficiencies at the substandard level of care scope and severity or higher.](#)

9 [Waivers may be granted for periods up to one year, after which a renewal must be](#)
10 [requested by the facility. The Department may seek input from the Rhode Island Department of](#)
11 [Labor and Training concerning labor availability in connection with any waiver request under this](#)
12 [section.](#)

13 (4) Nothing in this section diminishes a facility’s right to appeal pursuant to the
14 provisions of chapter 35 of title 42 (“administrative procedures”).

15 (d)(1) Pursuant to rules and regulations established by the department, funds that are
16 received from financial penalties shall be used for technical assistance or specialized direct care
17 staff training.

18 (2) The assessment of a penalty does not supplant the state’s investigation process or
19 issuance of deficiencies or citations under this title.

20 (3) A notice of noncompliance, whether or not the penalty is waived, and the penalty
21 assessment shall be prominently posted in the nursing facility and included on the department’s
22 website.

23 [\(4\) Fines for periods prior to the third quarter of 2025 shall be waived and forgiven.](#)

24 **23-17.5-34. Nursing staff posting requirements.**

25 (a) Each nursing facility shall post its daily direct care nurse staff levels by shift in a
26 public place within the nursing facility that is readily accessible to and visible by residents,
27 employees, and visitors. The posting shall be accurate to the actual number of direct care nursing
28 staff on duty for each shift per day. The posting shall be in a format prescribed by the director, to
29 include:

30 (1) The number of registered nurses, licensed practical nurses, certified nursing assistants,
31 medication technicians, licensed physical therapists, licensed occupational therapists, licensed
32 speech-language pathologists, mental health workers who are also certified nurse assistants, and
33 physical therapist assistants;

34 (2) The number of temporary, outside agency nursing staff;

1 (3) The resident census as of twelve o'clock (12:00) a.m.; and

2 (4) Documentation of the use of unpaid eating assistants (if utilized by the nursing facility
3 on that date).

4 (b) The posting information shall be maintained on file by the nursing facility for no less
5 than three (3) years and shall be made available to the public upon request.

6 (c) Each nursing facility shall report the information compiled pursuant to section (a) of
7 this section and in accordance with department of health regulations to the department of health
8 on a quarterly basis in an electronic format prescribed by the director. The director shall make
9 this information available to the public on a quarterly basis on the department of health website,
10 accompanied by a written explanation to assist members of the public in interpreting the
11 information reported pursuant to this section.

12 (d) In addition to the daily direct nurse staffing level reports, each nursing facility shall
13 post the following information in a legible format and in a conspicuous place readily accessible to
14 and visible by residents, employees, and visitors of the nursing facility:

15 (1) The minimum number of nursing facility direct care staff per shift that is required to
16 comply with the minimum staffing level requirements in § 23-17.5-32; and

17 (2) The telephone number or internet website that a resident, employee, or visitor of the
18 nursing facility may use to report a suspected violation by the nursing facility of a regulatory
19 requirement concerning staffing levels and direct patient care.

20 (e) No nursing facility shall discharge or in any manner discriminate or retaliate against
21 any resident of any nursing facility, or any relative, guardian, conservator, or sponsoring agency
22 thereof or against any employee of any nursing facility or against any other person because the
23 resident, relative, guardian, conservator, sponsoring agency, employee, or other person has filed
24 any complaint or instituted or caused to be instituted any proceeding under this chapter, or has
25 testified or is about to testify in any such proceeding or because of the exercise by the resident,
26 relative, guardian, conservator, sponsoring agency, employee, or other person on behalf of
27 himself, herself, or others of any right afforded by §§ 23-17.5-32, 23-17.5-33, and 23-17.5-34.
28 Notwithstanding any other provision of law to the contrary, any nursing facility that violates any
29 provision of this section shall:

30 (1) Be liable to the injured party for treble damages; and

31 (2)(i) Reinstate the employee, if the employee was terminated from employment in
32 violation of any provision of this section; or

33 (ii) Restore the resident to the resident's living situation prior to such discrimination or
34 retaliation, including the resident's housing arrangement or other living conditions within the

1 nursing facility, as appropriate, if the resident’s living situation was changed in violation of any
2 provision of this section. For purposes of this section, “discriminate or retaliate” includes, but is
3 not limited to, the discharge, demotion, suspension, or any other detrimental change in terms or
4 conditions of employment or residency, or the threat of any such action.

5 (f)(1) The nursing facility shall prepare an annual report showing the average daily direct
6 care nurse staffing level for the nursing facility by shift and by category of nurse to include:

- 7 (i) Registered nurses;
- 8 (ii) Licensed practical nurses;
- 9 (iii) Certified nursing assistants;
- 10 (iv) Medication technicians;
- 11 (v) Licensed physical therapists;
- 12 (vi) Licensed occupational therapists;
- 13 (vii) Licensed speech-language pathologists;
- 14 (viii) Mental health workers who are also certified nurse assistants;
- 15 (ix) Physical therapist assistants;
- 16 ~~(x) The use of registered and licensed practical nurses and certified nursing assistant staff~~
17 ~~from temporary placement agencies; and~~ Director of nursing services;
- 18 ~~(xi) The nurse and certified nurse assistant turnover rates.~~ Nurse (RNs/LPNs) with
19 administrative duties.
- 20 (xii) Certified Occupational Therapy Assistants;
- 21 (xiii) Licensed Respiratory Care Practitioner;
- 22 (xiv) Social Workers;
- 23 (xv) Activities Director/aides;
- 24 (xvi) nurse aide in training;
- 25 (xvii) The use of registered and licensed practical nurses and certified nursing assistant
26 staff from temporary placement agencies; and
- 27 (xviii) The nurse and certified nurse assistant turnover rates.

28 (2) The annual report shall be submitted with the nursing facility’s renewal application
29 and provide data for the previous twelve (12) months and ending on or after September 30, for the
30 year preceding the license renewal year. Annual reports shall be submitted in a format prescribed
31 by the director.

32 (g) The information on nurse staffing shall be reviewed as part of the nursing facility’s
33 annual licensing survey and shall be available to the public, both in printed form and on the
34 department’s website, by nursing facility.

1 (h) The director of nurses may act as a charge nurse only when the nursing facility is
2 licensed for thirty (30) beds or less.

3 (i) Whenever the licensing agency determines, in the course of inspecting a nursing
4 facility, that additional staffing is necessary on any residential area to provide adequate nursing
5 care and treatment or to ensure the safety of residents, the licensing agency may require the
6 nursing facility to provide such additional staffing and any or all of the following actions shall be
7 taken to enforce compliance with the determination of the licensing agency:

8 (1) The nursing facility shall be cited for a deficiency and shall be required to augment its
9 staff within ten (10) days in accordance with the determination of the licensing agency;

10 (2) If failure to augment staffing is cited, the nursing facility shall be required to curtail
11 admission to the nursing facility;

12 (3) If a continued failure to augment staffing is cited, the nursing facility shall be
13 subjected to an immediate compliance order to increase the staffing, in accordance with § 23-1-
14 21; or

15 (4) The sequence and inclusion or non-inclusion of the specific sanctions may be
16 modified in accordance with the severity of the deficiency in terms of its impact on the quality of
17 resident care.

18 (j) No nursing staff of any nursing facility shall be regularly scheduled for double shifts.

19 (k) A nursing facility that fails to comply with the provisions of this chapter, or any rules
20 or regulations adopted pursuant thereto, shall be subject to a penalty as determined by the
21 department.

22 SECTION 3. Section 33-21.1-23 of the General Laws Chapter 33-21.1 entitled "Deposit
23 of funds" is hereby amended to read as follows:

24 **33-21.1-23. Deposit of funds.**

25 (a) Except as otherwise provided by this section, the administrator shall promptly deposit
26 in the ~~general fund of this state all funds received under this chapter,~~ Rhode Island Baby Bond
27 Trust a one-time \$3,000 allocation for each designated beneficiary as defined in § 35-24-1 born in
28 the preceding calendar year, ~~including the proceeds from the sale of abandoned property under §~~
29 ~~33-21.1-22.~~ The administrator shall promptly deposit all remaining funds into the general fund of
30 this state, including the proceeds from the sale of abandoned property under § 33-21.1-22. The
31 administrator shall retain in a separate bank account an amount not less than one hundred thousand
32 dollars (\$100,000) from which prompt payment of claims duly allowed must be made by him or
33 her. Before making the deposit, the administrator shall record the name and last known address of
34 each person appearing from the holders' reports to be entitled to the property and the name and last

1 known address of each insured person or annuitant and beneficiary and with respect to each policy
2 or contract listed in the report of an insurance company its number and the name of the company.
3 The record with the exception of the amount due must be available for public inspection at all
4 reasonable business hours.

5 (b) Before making any transfer from the account surplus pursuant to subsection (a) ~~to the~~
6 ~~credit of the general fund~~, the administrator may deduct:

7 (1) Any costs in connection with the sale of abandoned property;

8 (2) Costs of mailing and publication in connection with any abandoned property;

9 (3) Reasonable service charges;

10 (4) Costs incurred in examining records of holders of property and in collecting the
11 property from those holders; and

12 (5) Any other charges, costs or expenses incurred in the administration of this chapter.

13 SECTION 4. Title 35 of the General Laws entitled “Public Finance” is hereby amended by
14 adding thereto the following chapter:

15 CHAPTER 24

16 RHODE ISLAND BABY BOND TRUST

17 **35-24-1. Definitions.**

18 As used in this chapter:

19 (1) “Designated beneficiary” means an individual who is: (i) born on or after January 1,
20 2026; and (ii) whose parent or guardian is enrolled in the Rhode Island Works Program pursuant
21 to R.I. Gen. Laws § 40-5.2-1, et seq. within the first twelve (12) months of their life.

22 (2) “Eligible expenditure” means an expenditure associated with any of the following:

23 (i) Continuing education of a designated beneficiary at an institution of higher learning,
24 trade school, vocational school, or professional apprenticeship program in Rhode Island;

25 (ii) Ownership of a home in Rhode Island by a designated beneficiary;

26 (iii) Ownership of a business with a principal place of business in Rhode Island by a
27 designated beneficiary; or

28 (iv) Any investment in financial assets or personal capital that provides long-term gains to
29 wages or wealth, as defined by regulation promulgated by the general treasurer.

30 (3) “Trust” means the Rhode Island Baby Bond Trust, which consists of:

31 (i) All money from public or private sources appropriated or made available to the state for
32 the benefit of the Trust; and

33 (ii) All earnings on the money in the trust.

34 **35-24-2. Establishment.**

1 (a) There is hereby established the Rhode Island Baby Bond Trust. The trust shall constitute
2 an instrumentality of the state and shall perform essential governmental functions as provided under
3 the provisions of this chapter. The trust shall receive and hold all payments and deposits or
4 contributions intended for the trust, as well as gifts, bequests, endowments or federal, state or local
5 grants and any other funds from any public or private source and all earnings until disbursed in
6 accordance with § 35-24-7.

7 (b) The amounts on deposit in the trust shall not constitute property of the state and the
8 trust shall not be construed to be a department, institution or agency of the state. Amounts on
9 deposit in the trust shall not be commingled with state funds and the state shall have no claim to or
10 against, or interest in, such funds. Any contract entered into by, or any obligation of, the trust shall
11 not constitute a debt or obligation of the state and the state shall have no obligation to any
12 designated beneficiary or any other person on account of the trust and all amounts obligated to be
13 paid from the trust shall be limited to amounts available for such obligation on deposit in the trust.
14 The amounts on deposit in the trust may only be disbursed in accordance with the provisions of this
15 chapter. The trust shall continue in existence as long as it holds any deposits or has any obligations
16 and until its existence is terminated by law. Upon termination, any unclaimed assets shall return to
17 the state.

18 (c) The general treasurer shall be responsible for the receipt, maintenance, administration,
19 investigation, and disbursements from the trust. The trust shall not receive deposits in any form
20 other than cash.

21 **35-24-3. Powers of the general treasurer.**

22 (a) The general treasurer, on behalf of the trust and for purposes of the trust, may:

23 (1) Receive and invest moneys in the trust in any instruments, obligations, securities or
24 property in accordance with the provisions of this chapter;

25 (2) Enter into one or more contractual agreements, including contracts for legal, actuarial,
26 accounting, custodial, advisory, management, administrative, advertising, marketing and
27 consulting services from the trust and pay for such services from the gains and earnings of the trust;

28 (3) Procure insurance in connection with the trust's property, assets, activities or deposits
29 to the trust;

30 (4) Apply for, accept and expend gifts, grants or donations from public or private sources
31 to enable the trust to carry out its objectives;

32 (5) Adopt rules and regulations it deems necessary to effectuate the purposes of this
33 chapter;

34 (6) Sue and be sued;

1 (7) Establish one or more funds within the trust and maintain separate accounts for each
2 designated beneficiary; and

3 (8) Take any other action necessary to effectuate the purposes of this chapter, and incidental
4 to the duties imposed on the general treasurer pursuant to this chapter.

5 (b) The general treasurer shall create a process within the office of the general treasurer to
6 determine whether an expenditure proposed by a designated beneficiary is an eligible expenditure
7 before the designated beneficiary is to receive any distribution under § 35-24-7.

8 **35-24-4. Investment of funds in the trust.**

9 Notwithstanding the provisions of § 35-10-12 to § 35-10-14, inclusive, the general
10 treasurer shall invest the amounts on deposit in the trust in a manner reasonable and appropriate to
11 achieve the objectives of the trust, exercising the discretion and care of a prudent person in similar
12 circumstances with similar objectives. The general treasurer shall give due consideration to rate of
13 return, risk, term or maturity, diversification of the portfolio within the trust, liquidity, the projected
14 disbursements of the total portfolio within the trust, liquidity, the projected disbursements and
15 expenditures and the expected payments, deposits, contributions and gifts to be received. The
16 general treasurer shall not require the trust to invest directly in obligations of the state or any
17 political subdivision of the state or in any investment or other fund administered by the general
18 treasurer. The assets of the trust shall be continuously invested and reinvested in a manner
19 consistent with the objectives of the trust until disbursed for eligible expenditures as defined by this
20 act or expended on expenses incurred by the operations of the trust.

21 **35-24-5. Exemption from taxation.**

22 (a) The property of the trust and the earnings on the trust shall be exempt from all taxation
23 by the state and all political subdivisions of the state. Distributions made pursuant to § 35-24-7
24 shall be considered income subject to taxation in accordance with chapter 30 title 44 and shall be
25 subject to federal and state withholdings.

26 (b) The tax administrator may adopt rules and regulations necessary to monitor, implement,
27 and administer the Rhode Island personal income tax provisions referred to in subsection (a) of this
28 section.

29 **35-24-6. Moneys invested in trust not considered assets or income.**

30 Except as otherwise required by federal law, any money deposited into the trust and
31 credited to a designated beneficiary, and any increase in the values thereof, shall not be used to
32 calculate the personal assets of a designated beneficiary for purposes of determining income
33 eligibility of the designated beneficiary for state or local assistance programs including:

34 (1) Any disability, medical or other health benefits administered by the state; and

1 (2) Any student loan program, student grant program or other student financial program
2 administered by the state.

3 **35-24-7. Accounting for designated beneficiary. Claim for accounting.**

4 (a) The general treasurer shall establish in the Rhode Island Baby Bond Trust an accounting
5 for each designated beneficiary. Each such account shall include the amount transferred to the trust
6 pursuant to § 35-24-8, plus the designated beneficiary's pro rata share of total net earnings from
7 investments of sums as determined by the general treasurer and held in the trust.

8 (b) The Department of Human Services shall notify the office of the general treasurer of
9 the birth or enrollment of each designated beneficiary.

10 (c) Upon a designated beneficiary's eighteenth birthday, if such a beneficiary is a resident
11 of the state and has been for the two (2) years immediately preceding receipt of any distribution
12 under this section, such beneficiary shall become eligible to receive the total sum of the accounting
13 under subsection (a) of this section to be used for eligible expenditures.

14 (d) A designated beneficiary must submit a claim that meets the requirements set forth in
15 this chapter before the designated beneficiary reaches thirty five (35) years of age.

16 (e) If a designated beneficiary is deceased before their eighteenth birthday, does not submit
17 a timely claim, or is no longer a resident of the state upon reaching thirty five (35) years of age,
18 such accounting shall be credited back to the general fund of the state.

19 (f) The general treasurer shall furnish each eligible beneficiary with an annual statement
20 relating to the individual's accounting, which shall include:

21 (1) A statement of the balance attributable to the individual;

22 (2) A projection of the balance's growth by the time the individual attains the age of
23 eighteen (18);

24 (3) Resources and information to promote financial wellness and literacy of the designated
25 beneficiary; and

26 (4) Such other information as the general treasurer deems relevant.

27 **35-24-8. Transfer to trust upon birth of designated beneficiary.**

28 (a) Upon the birth of a designated beneficiary, the general treasurer shall allocate three
29 thousand dollars (\$3,000) from the trust to be credited toward the accounting of such designated
30 beneficiary pursuant to § 35-24-7.

31 SECTION 5. This article shall take effect upon passage, except for section 3 and section 4,
32 which shall take effect on July 1, 2026.