WINTER 2026 NEWSLETTER

Rhode Island Partnership for Home Care

Advancing quality healthcare at home

Home Care Industry Impact

Governor McKee Submits 2027 Budget Proposal: Implications for Home Care, Home Health and Hospice Providers

By: Bethany Skinner, President

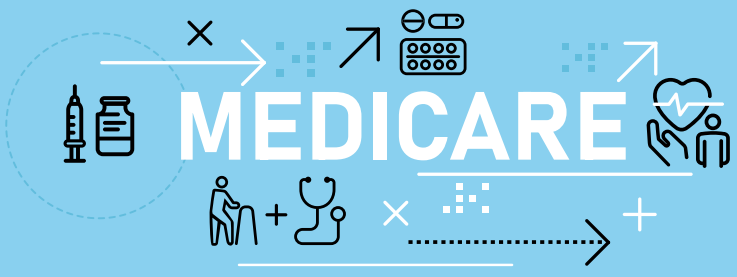
Governor Daniel McKee has formally submitted his State Fiscal Year 2027 (SFY27) budget proposal to the Rhode Island General Assembly, covering the period from July 1, 2026 through June 30, 2027. While the proposal does not include new statutory language directly targeting home care, home health or hospice services, it preserves existing authority that will significantly influence Medicaid reimbursement rates for providers across the continuum of care at home.

Within Article 8 of the budget, which governs Medical Assistance, the Governor's proposal leaves unchanged the statutory framework guiding the Office of the Health Insurance Commissioner's (OHIC) "Social and Human Service Programs Review" from its recommendations on September 1, 2025. Under current law, the Secretary of the Executive Office of Health and Human Services (EOHHS) is authorized to implement Medicaid provider rate increases ranging from 50% to 100% of the increases recommended by OHIC, effective October 1, 2026, unless the General Assembly directs otherwise in the final enacted budget.

This retained authority is particularly consequential given OHIC's proposed SFY27 rate recommendations for home care, home health and hospice services. The proposed increases across nearly all service categories, including personal care, homemaker services, private duty nursing, therapy services and hospice per diem rates range between approximately 7% and 9%. Notably, the proposed increase for home health and hospice aide services is substantially higher, reflecting longstanding workforce and access pressures within that segment of care.

The Rhode Island Partnership for Home Care is actively working with legislative leadership to advance separate legislation that would explicitly appropriate funding for 100% of the OHIC-recommended Medicaid rate increases within the SFY27 budget.

Members interested in closely tracking budget negotiations and broader legislative developments are encouraged to participate in The Partnership's weekly legislative update calls held on most Mondays at Noon throughout the session. These briefings provide timely insight into State House activity and practical guidance on how providers and their staff can support Medicaid rate reform and other priority policy initiatives.



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Addressing What Is Missing in the Governor's 2027 Budget: Home Care Legislation Filed in the General Assembly

By: Naomi Cotrone, Vice President

As the Rhode Island General Assembly considers the Governor's Fiscal Year 2027 budget, the Rhode Island Partnership for Home Care has filed two priority bills to address critical gaps affecting home care, home nursing care and hospice providers across the state. These bills are being advanced with the leadership of Representative Patricia Serpa and Senator Mark McKenney, who serve as Chairs of the House and Senate Oversight Committees, respectfully.

Together, these bills respond directly to long-standing structural challenges that are not adequately addressed in the Governor's budget proposal, including workforce instability, underfunded Medicaid rates and unchecked growth in licensed providers without corresponding system planning.

Home Care Recovery and Stability Act

The Home Care Recovery and Stability Act is designed to bring order and accountability to Rhode Island's home care delivery system during a period of significant strain. The bill would temporarily pause the approval of new home care, home nursing care and hospice provider licenses while the state conducts a comprehensive study to determine whether Rhode Island has the appropriate number and distribution of providers.

The intent of this pause is not to limit access to care, but to stabilize the existing system, prevent unnecessary duplication of services and ensure that new approvals are driven by demonstrated gaps in access rather than market speculation. By requiring the state to evaluate utilization, capacity and geographic need, the bill promotes thoughtful planning rather than unchecked expansion.

The legislation also reinforces accountability by ensuring that licensed providers maintain a real, physical office located in Rhode Island and remain fully subject to Rhode Island standards and oversight. This provision is intended to protect patients, workers and the integrity of the state's regulatory framework by discouraging out-of-state or virtual-only models that may lack sufficient local presence and responsiveness.

Medicaid Home Care Rate Reform Act

The Medicaid Home Care Rate Reform Act addresses one of the most pressing challenges facing home care and hospice providers: inadequate reimbursement that undermines workforce stability and access to care.

This bill would require Medicaid and Medicaid-managed care plans to pay home care and hospice providers no less than the state's base Medicaid rate, ensuring consistency and predictability across payers. It also recognizes the realities of care delivery by increasing reimbursement for services provided during nights, weekends, holidays and in rural communities, where staffing challenges and travel demands are greater.

In addition, the bill ensures that direct care workers are compensated for required travel time, acknowledging that travel is an essential and unavoidable component of delivering care in patients' homes. By aligning payment policy more closely with operational realities, the legislation seeks to stabilize the workforce, reduce turnover, and improve continuity of care.

Ultimately, the goal of the Medicaid Home Care Rate Reform Act is to strengthen access to care at home, reduce avoidable nursing home placements and support a care delivery model that is both cost-effective and preferred by Rhode Islanders.

A Coordinated Advocacy Strategy

These two bills work together to address both sides of the home care equation: system structure and workforce sustainability. While the Governor's Fiscal Year 2027 budget does not fully address these issues, the Rhode Island Partnership for Home Care is advocating for legislative solutions that reflect the realities faced by providers, workers and the individuals who rely on care at home.

Provider Members play a critical role in advancing these priorities. The Partnership will continue working with legislative leadership, including the House and Senate Finance and Oversight Committees, to ensure that home care remains a viable, accountable and accessible component of Rhode Island's health care system.

Members are encouraged to stay engaged and to participate in advocacy efforts as these bills move through the legislative process.

Proposed "Millionaire's Tax" and "Top One Percent" Income Tax Proposals: Implications for Home Care Agency Owners

By: Kathleen Moren, RN, BSN, IBCLC,
Secretary-Treasurer

Rhode Island policymakers are considering several proposals that would increase personal income taxes on the state's highest earners. These initiatives are commonly described as a "Millionaire's Tax" or a tax on the "Top One Percent" of income earners. While the stated intent of these proposals is to generate additional state revenue, they may carry unintended consequences for locally owned home care agencies, particularly those structured as pass-through businesses.

Most independently owned home care agencies in Rhode Island are organized as S-corporations. Under this business structure, the company itself does not pay a traditional corporate income tax on operating profits. Instead, those profits are passed through to the owner and reported on the owner's personal income tax return. As a result, increases in personal income tax rates can directly affect small business owners, even when their agencies operate on narrow margins and under strict reimbursement and regulatory constraints.

Recent salary data highlights why this issue is particularly important for the home care sector. According to ZipRecruiter, the average annual salary of a Home Care Administrator in Rhode Island is $65,788, compared to a national average of $67,178, placing Rhode Island 50th in the nation for this position. For Home Health Administrators in Rhode Island who hold a nursing degree, the reported average salary is approximately $84,910. These figures underscore that home care administrators in Rhode Island are not highly compensated relative to national benchmarks, particularly given the scope of responsibility and regulatory oversight required in this field.

Despite these modest compensation levels, administrators who also own their home care agencies may report significantly higher total taxable income due to business profits flowing through the S-corporation structure, combined household income or one-time financial events. This distinction is critical, because the proposed tax increases are triggered by total personal taxable income rather than salary alone.

The proposals under discussion generally apply higher tax rates only to income above specific thresholds, such as income exceeding one million dollars or income associated with the state's top one percent of earners. Although these increases would apply only to income above those thresholds, the resulting tax liability could materially affect home care agency owners. For S-corporation owners, higher personal income taxes may reduce funds available for reinvestment in workforce wages, benefits, training, compliance systems and service expansion.

These concerns are especially acute in the home care environment, where providers already face rising labor costs, delayed reimbursement, workforce shortages and increasing administrative requirements. In addition, some agencies experience irregular or one-time income increases due to payor reconciliations, asset sales or unusually strong operating years. Under a surtax structure, a single atypical year could result in a substantial increase in tax liability, even if the agency returns to typical margins in subsequent years.

The Rhode Island Partnership for Home Care believes it is essential that lawmakers fully understand how these proposals interact with the structure of small, locally owned home care providers. Tax policies designed to target high-income individuals may inadvertently affect business owners who are essential to maintaining access to care for older adults and individuals with disabilities across Rhode Island.

Members are strongly encouraged to engage with the Rhode Island Partnership for Home Care during this legislative session. The Partnership is actively working to educate lawmakers on the potential impact of taxing S-corporations if any of these proposals are adopted into the next state fiscal year budget. Member participation, real-world examples and direct engagement are critical to ensuring that policy decisions reflect the realities of delivering care at home in Rhode Island.

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Escalating Federal Program Integrity Actions Signal Heightened Risk for Home Care, Home Health and Hospice Providers in Rhode Island

By: Nicholas Oliver, MPA, CAE
Executive Director

Recent federal actions indicate a significant escalation in program integrity enforcement that may have serious and near-term implications for home care, home health and hospice providers in Rhode Island.

On January 20, 2026, the U.S. Office of Management and Budget (OMB) issued a formal memorandum directing all federal agencies to compile detailed reports on federal funds provided to entities located in a defined group of jurisdictions characterized as "high-risk." Rhode Island is explicitly named in this directive, along with California, Colorado, Connecticut, Delaware, Illinois, Massachusetts, Minnesota, New Jersey, New York, Oregon, Vermont, Virginia, Washington State, and Washington, D.C.

The directive requires federal agencies to report on funding provided to state and local governments, nonprofit organizations, institutions of higher education, and entities receiving funds through subgrants, subawards, or contracts. The scope of funding subject to review is broad and includes Medicaid, including Medicaid Managed Care Organization (MCO) arrangements; Social Services Block Grant funding; Older Americans Act programs; workforce development and training funds; and other federal grants, loans, and contracts supporting health and human services.

Although the memorandum characterizes the effort as a "data-gathering exercise," it explicitly states that the information will be used to support administrative actions or legislative proposals intended to reduce what the Administration describes as improper or fraudulent use of federal funds. Federal agencies were required to submit this information to the White House by January 30, 2026, indicating that analysis and potential follow-up actions may occur in the near term.

CMS Escalation and Direct Criticism of Care at Home Services

At the same time, the U.S. Centers for Medicare & Medicaid Services (CMS) has significantly escalated its public posture on program integrity enforcement. CMS Administrator Mehmet Oz, MD, MBA recently released a public video and formal letter accusing the State of California of inadequate Medicaid fraud oversight. That communication identifies home and community-based services (HCBS), including home care, home health and hospice, as areas of heightened concern and asserts that certain personal care tasks "could be done by family members," raising fundamental questions about the legitimacy of reimbursed care.

These statements are not isolated. CMS has cited similar concerns in connection with a proposed $500 million deferral of Medicaid funding to Minnesota, which is currently under appeal. The same categories of services referenced in Minnesota are now being publicly scrutinized in California, signaling a broader federal strategy rather than isolated, state-specific enforcement.

Why This Matters for Rhode Island Providers

Rhode Island is explicitly named in the OMB directive and operates within a Medicaid environment that already includes extensive use of MCOs, ongoing rate adequacy and workforce challenges, heightened state and federal interest in program integrity and a heavy reliance on HCBS to avoid institutional care.

Taken together, these federal actions create a credible risk of imminent increased auditing, payment review and policy intervention affecting Rhode Island home care, home health and hospice providers. Potential impacts may include more aggressive Medicaid audits and post-payment reviews, increased documentation and medical necessity scrutiny, challenges to reimbursement for homemaking and personal care services, delays or deferrals in federal Medicaid funding flows to states and policy proposals that question or narrow covered services.

Providers should not assume that Rhode Island will be insulated from actions currently focused on other states such as Minnesota and California. Rhode Island is likely one of the next CMS targets. Unlike those states, Rhode Island may be more inclined to collaborate with CMS, which could result in rapid state-level enforcement responses.

State-Level Enforcement Already Underway

These federal developments are occurring alongside increased regulatory activity at the state level. During the January 28, 2026 Rhode Island Long-Term Care Coordinating Council (LTCCC) meeting, Diane Pelletier, Chief of the Center for Health Facilities Regulation at the Rhode Island Department of Health (RIDoH), reported that inspectors continue to identify nurse assistants (CNAs) employed by home care agencies who are performing tasks outside their scope of practice. Cited activities include wound care and assistance with medication administration.

RIDoH has also cited home care providers for employing homemakers who were functioning as CNAs without proper licensure. In multiple cases, provider administrators reported that they were unaware that homemakers are subject to specific regulatory requirements. To date, RIDoH has issued two consent orders to separate home care providers. In both instances, the providers failed to correct cited deficiencies and are now facing the potential loss of their operating licenses.

The Partnership's Role and Provider Responsibilities

The Rhode Island Partnership for Home Care will continue to monitor federal and state developments closely, coordinate with national partners and engage policymakers to ensure that legitimate, high-quality care-at-home services are clearly distinguished from improper activity. The Partnership remains committed to advocating for the value of home care, home health and hospice services, the professional workforce that delivers them and the Rhode Islanders who rely on care at home.

Given the evolving enforcement environment, Provider Members are strongly encouraged to take immediate action. Agencies should conduct internal compliance reviews to ensure documentation supports medical necessity and service authorization and confirm alignment with Medicaid requirements, managed care contracts and state guidance. Providers should review and update corporate compliance and program integrity plans to ensure they are current, active and operational. Enhanced staff training and oversight should be implemented to reinforce documentation, supervision and service delivery standards. Executive leadership teams and governing boards should be briefed on the evolving risk environment and prepared for increased scrutiny.

Providers should also anticipate heightened enforcement activity by state agencies, including the Rhode Island Department of Health, Rhode Island Department of Human Services, Rhode Island Office of Healthy Aging, Rhode Island Executive Office of Health and Human Services and Medicaid Program, Rhode Island Department of Labor and Training, Rhode Island Department of Administration Division of Taxation, Rhode Island Department of State Business Services Division, and the Rhode Island Department of Behavioral Healthcare, Developmental Disabilities and Hospitals.

Provider Members with technical assistance questions are encouraged to contact the Rhode Island Partnership for Home Care directly at (401) 351-1010. In turn, The Partnership will provide additional information, guidance and support to its membership as this situation evolves.

Portions of this article incorporate national policy analysis provided by the National Alliance for Care at Home and have been adapted for Rhode Island–specific relevance.

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EOHHS Releases Federal Compliance Plan Following Major Medicaid, SNAP and Marketplace Policy Changes

By: Nicholas Oliver, MPA, CAE
Executive Director

The Rhode Island Executive Office of Health and Human Services (EOHHS) has released its long-anticipated report outlining how the state will comply with sweeping federal policy changes enacted under the federal budget reconciliation bill, H.R. 1 (Public Law 119-21), signed into law on July 4, 2025. Often referred to as the "One Big Beautiful Bill Act," the legislation introduced significant changes affecting Medicaid, the Supplemental Nutrition Assistance Program (SNAP), and the health insurance marketplace.

In preparation for implementation, EOHHS convened the Federal Compliance Advisory Group (FCAG), a stakeholder body tasked with analyzing state-level impacts and identifying compliance options. I was appointed to serve on the FCAG representing home and community-based services (HCBS). The newly released report details Rhode Island's intended path forward across multiple program areas and fiscal years.

The report projects substantial fiscal impacts for the Medicaid program. EOHHS estimates an all-funds impact of approximately $3.5 million in State Fiscal Year 2026, increasing dramatically to $103.8 million in SFY27 and more than $315 million in subsequent years once all federal provisions are fully phased in. For SNAP, the report highlights significant national funding reductions and flags increased state exposure tied to cost-sharing changes and penalties related to administrative error rates. In the health insurance marketplace, the expiration of enhanced Advanced Premium Tax Credits and heightened verification requirements are expected to increase premiums and reduce coverage levels for Rhode Islanders.

For Medicaid specifically, the report identifies twenty-two federal policy changes affecting Rhode Island, grouped into eligibility and benefits, financing, program integrity and delivery system reform. Among the most notable changes are more frequent eligibility redeterminations for the adult expansion population and future optional changes to HCBS coverage and eligibility beginning in July 2028. While some HCBS-related provisions are characterized as "low impact," EOHHS acknowledges increased administrative workload and operational complexity for both the state and providers.

The report repeatedly references home care and HCBS providers, noting anticipated increases in provider inquiries related to eligibility processing delays, added case management responsibilities, and broader concerns regarding network adequacy and workforce sustainability. EOHHS also emphasizes the need for system modernization, improved data integrity and sustained stakeholder engagement to mitigate risks of federal funding claw-backs tied to eligibility errors or non-compliance.

Looking ahead, EOHHS has identified several priorities, including close monitoring of federal guidance, targeted outreach to populations affected by eligibility changes, evaluation of provider and safety-net impacts, and alignment of future budget planning to address the long-term fiscal exposure created by these federal reforms. The Partnership will continue to engage with EOHHS and policymakers to ensure that the perspective of home care, home health and hospice providers remains central as these changes move from planning to implementation.

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