



February 12, 2025

The Honorable Jodey Arrington  
Chair  
House Committee on the Budget  
204 Cannon House Office Building  
Washington, D.C. 20515

Dear Chair Arrington,

We write to you today in response to the Committee's February 13 budget resolution mark up.

LeadingAge represents more than 5,400 nonprofit and mission-driven aging services providers and other organizations that touch millions of lives every day. Alongside our members and 36 partners in 41 states, we use advocacy, education, applied research, and community-building to make America a better place to grow old. Our membership encompasses the entire continuum of aging services, including skilled nursing, assisted living, memory care, affordable housing, retirement communities, adult day programs, community-based services, hospice, home-based care, and other organizations serving older adults, people with disabilities, and their families.

LeadingAge wants to highlight items that our nonprofit aging services provider members consider important for including in budget reconciliation as well as those policies it is imperative be kept out of any budget reconciliation package because they will harm older adults.

Two critical policies that LeadingAge members want to see included in a budget reconciliation bill include:

- A repeal of the Centers for Medicare and Medicaid Services (CMS) nursing home staffing mandate. Congress must use this opportunity to repeal the Biden administration's misguided staffing rule, which is unrealistic given current workforce shortages and funding inadequacy. The Congressional Budget Office (CBO) has scored this proposal as saving \$22 billion dollars over ten years so this is a policy that can help realize savings to achieve the budget resolution's instructions for deficit reduction.
- An increase to state Low Income Housing Tax Credit allocations. To build more affordable senior housing, Congress must use this opportunity to increase annual Housing Credit allocations to states by at least 50% and provide basis boosts for rural properties and properties that serve people with extremely low incomes.

LeadingAge has grave concerns with the budget resolution released on February 12. The reconciliation instructions indicate a determination to attempt devastating cuts to the Medicaid program. We remind the Committee that President Donald Trump himself said on January 31

that “we’ll love and cherish Social Security, Medicare, and Medicaid.” Billions or trillions of dollars in cuts to the program are not cherishing it; such cuts would decimate the Medicaid program, our aging services provider members, and state budgets.

Medicaid is the only system that covers long-term services and supports for older adults. Per capita caps, work requirements, reducing or eliminating provider taxes, or changing existing federal medical assistance percentage (FMAP) would all create holes in state budgets that would have to be addressed. This level of cuts cannot be met with efficiency or the elimination of fraud. The only way that states will be able to plug such a gap is through more state taxation, transferring existing state general funds away from other popular programs, cutting benefits or services, and/or cutting rates. All of these options would have horrible consequences for our nonprofit aging services provider members and the older adults they serve.

Eight million older adults and people with disabilities rely on Medicaid (over six million in the home and community and over 1.4 million in nursing homes). Indeed, 62% of all nursing home stays overall are covered by Medicaid.

Home- and community-based services are optional Medicaid benefits. With drastic federal cuts, states would be forced to cut home- and community-based services either in totality or cut service packages for these popular and effective programs which would lead to beneficiaries trying to receive care in higher cost settings or not at all. Such cuts could also mean the elimination or reduction of services our members provide like adult day, the Program for All Inclusive Care for the Elderly, and home-based care that allow people to age in place, which is the preference of 95% of Americans. Nursing home services are mandatory under Medicaid, but rates are already inadequate to cover the costs of care in nursing homes and any federal cuts would make this disparity even greater.

We oppose proposals to cut Medicaid through per capita caps, block grants, Federal Medical Assistance Percentage (FMAP) reductions, work requirements, and/or a decrease in provider taxes and urge the Committee to amend the budget resolution targets accordingly.

Preserve the tax exemption of municipal bonds. Aging services providers rely on tax-exempt bond financing to fund capital projects or refinance debt, including for nursing homes, life plan communities, and pairing tax-exempt bonds with Low Income Housing Tax Credits (LIHTC) for affordable senior housing. Proposals to eliminate the tax exemption of state and local bonds must be rejected.

LeadingAge members often use tax-exempt bond financing to fund large capital projects or to refinance existing debt, including tax-exempt bonds partnered with 4% low income Housing Tax Credits (LIHTC) have been widely used by affordable housing developers. Private activity bonds finance more than half of all the affordable rental homes produced and preserved by the LIHTC. Almost one-third (32%) LIHTC homes include an older adult, making the LIHTC and bond programs critical for affordable senior housing preservation and production. By leveraging tax-

exempt bond financing, nonprofits can reduce costs and focus their resources on sustaining and advancing their mission.

If Congress enacted these changes, nonprofit organizations could face significant challenges, including higher financing costs. In short, the removal of the tax exemption for interest on municipal bonds would raise the cost of capital, potentially reducing the number of projects our members could undertake, resulting in fewer opportunities to serve their communities.

At a time when older adults are the fastest growing population of people experiencing homelessness and there is a nationwide shortage of affordable senior housing, we urge you to preserve the tax exemption of state and local bonds.

We urge the Budget Committee to do right by older adults and ensure that the needs of older adults and the people who serve them are met.

Please do not hesitate to reach out as we look forward to staying in touch. Thank you for considering our views.

Sincerely,

Linda Couch  
SVP, Public Policy and Advocacy