June 25, 2025

The Honorable John Thune
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Chuck Schumer
Minority Leader
United States Senate
Washington, DC 20510

Dear Leader Thune and Leader Schumer,

On behalf of LeadingAge and our over 5400 nonprofit and mission-driven aging services provider members, we write to ask that the Senate's version of the budget reconciliation bill not be brought to the floor or voted on in its current form. This bill would be detrimental to older adults and the providers who serve them, including nursing homes and home and community-based (HCBS) services providers. We ask that the Senate take more time in its deliberations to devise a bill that will help older adults and those who serve them rather than cause great harm.

H.R. 1's devastating and unprecedented reductions to Medicaid will, as estimated by the Congressional Budget Office (CBO) cut at least $800 billion in federal funding from the Medicaid program (the largest cut in American history) and remove at least 10 million people from health insurance coverage (though by some estimates the number could reach 16 million.[1] The Senate Finance Committee's version of the bill will not alter these outcomes – in fact, the coverage loss numbers will likely increase if the Senate moves forward with the changes to the provider tax and state directed payment policies proposed in the June 16 reconciliation text. We do not believe that carving nursing homes out of the most extreme provider tax changes protects older adults or providers who care for them; the policy still cuts money out of Medicaid holistically in many states that chose to expand Medicaid, which will harm nursing homes, HCBS and older adults who access those services.

The community engagement requirements and increased eligibility checks will harm the expansion population and cause a dramatic decrease in coverage. One population not receiving much attention who will be impacted are older adults living in Department of Housing and Urban Development (HUD)-assisted homes. Around two-thirds of these older adults rely on Medicaid for their healthcare. Eligibility for HUD and Rural Housing Service senior housing and eligibility for Social Security all begin at age 62. LeadingAge's calculations show that, conservatively, 322,000 HUD-assisted households are between the ages of 62 and 65.[2] Initial and ongoing paperwork to meet various state community engagement documentation requirements (whether to show work or demonstrate an exemption) coupled with increased eligibility checks would be highly burdensome and undoubtedly result in reduced access to healthcare for these older adults.

[1] https://www.cbo.gov/publication/61422

[2] Calculations are based on a 2021 HUD report, which relies on data from both the Picture of Subsidized Household and the American Housing Survey. The data sources include information on the following HUD programs: public housing, housing choice vouchers, moderate rehabilitation, project-based Section 8, Rent Supplement/Rental Assistance Payment, Section 236 Preservation Program/Below Market Interest Rate, Section 202 Supportive Housing for the Elderly/Project Rental Assistance Contracts (PRAC), and Section 811 Supportive Housing for Persons with Disabilities/PRAC

Since providing HCBS benefits is optional for states, we are very concerned that states facing tough budget decisions as a result of this bill will have no choice but to cut HCBS, as they have done in other budget downturns.[3] We are also concerned that the community engagement, increased eligibility checks, and cost sharing provisions will be applied to those receiving HCBS whose eligibility for Medicaid is through the expansion pathway thus potentially creating a barrier to accessing these critical services. The policy proposal to remove an inflationary factor from the home equity limit will also likely impact HCBS. Older adults are reliant on fixed incomes but have accumulated equity in their homes, which is often their only asset. It is unfair that this asset might render them ineligible for needed services and supports and potentially force them (and their dependents) to leave their home and communities—and then be rendered unable to receive community-based services because they no longer have a home.

The wide-ranging effect of decreases in federal funding to the Medicaid program will not only harm beneficiaries and providers; the impact will ripple through entire communities. Consider that if a nursing home is forced to close, or an adult day center, a home care agency, or an assisted living facility has to stop offering services, they end for the entire community. Medicaid beneficiaries will no longer have services; people of all agencies and income level will lose jobs. Economies will be hit--particularly in rural areas where our members are both large employers but also large purchasers of goods and services in their communities. A majority of these current Medicaid policy proposals put intense pressure on state budget: – decreasing federal Medicaid dollars will force states to make many difficult decisions. Do they cut services, benefits, or provider payment rates? Will they opt to raise revenues via state tax increases or by transferring other general funds to Medicaid? None of the answers have good outcomes for older adults and those who care for them. We ask that the Senate reconsider these approaches and instead work to develop policies that will protect and strengthen Medicaid.

The bill also threatens Medicare. In its current form, the House passed *One Big Beautiful BIll* would trigger statutory pay as you go (PAYGO) which would, in turn, trigger sequestration including Medicare sequestration of 4% over the duration of the budget window.[4] CBO anticipates that Medicare cuts between 2027-2034 would be $490 billion (and estimates a $45 billion sequestration for 2026). The loss of these monies would be devastating for aging services providers and those they serve. If your final bill triggers PAYGO, the Congress must work to waive PAYGO as they have as a part or in response to other reconciliation efforts. CBO also estimates that that the consequences of stopping this rule will mean 1.3 million Medicare enrollees would lose Medicaid coverage of Medicare costs. The CBO noted that this loss in financial support will mean that Medicare enrollees may not be able to access Medicare services.[5]

While the Senate's version improved the provision regarding state and local oversight of artificial intelligence, we still believe this provision should be eliminated completely because the technology is too new and evolving too quickly to shut down avenues of oversight that may prove necessary. We do appreciate the Senate's changes to the tax components of the legislation that remove the increase in tax on net investment income of private foundations and the expansion of unrelated business taxable income to include amounts paid for transportation fringe benefits, both of which are harmful to nonprofits. The bill's expansion of the low-income housing tax credit is important but can be achieved in

[3]https://www.healthaffairs.org/content/forefront/history-repeats-faced-medicaid-cuts-states-reduced-support-older-adults-and-disabled
[4]https://www.cbo.gov/system/files/2025-05/61423-PAYGO.pdf
[5]https://www.cbo.gov/publication/61461

other vehicles that are less harmful to older adults. We support the bill's repeal of the nursing home staffing standard.

Even with the policies we support, we ask that you find another vehicle for them while this bill is reimagined. Please contact Mollie Gurian at mgurian@leadingage.org or Linda Couch at lcouch@leadingage.org with any questions.

Sincerely,

Katie Smith Sloan

Katie Smith Sloan
President and CEO
LeadingAge