June 20, 2025

The Honorable Bernie Sanders
Ranking Member, Health, Education, Labor, and Pensions Committee
United States Senate
428 Dirksen Senate Office Building
Washington, DC 20510

Dear Senator Sanders,

In response to your request to highlight the impacts of the proposed Medicaid and Affordable Care Act changes in the budget reconciliation bill, we offer the following feedback from some of our members – others may be submitting comments directly to you. LeadingAge urges a NO vote on the reconciliation package in the Senate. The bill's overall negative impacts on the aging services ecosystem far outweigh any policies that might help our members such as the expansion of the low income housing tax credit or the repeal of the nursing home staffing standard.

***Would the proposed cuts to Medicaid and the ACA require you to cut back on clinical staff, services, or care delivery? Please explain if possible.***

Yes. We have heard this from many members but offering the following specific example to underscore the point.

Bethesda Health Group is a nonprofit, mission driven provider of care for older adults. In the Missouri market; they share the following thoughts on this question.

*Bethesda Has Limited Medicaid Admissions Due to Reimbursement Concerns*

A big component of Bethesda's not-for-profit mission is serving the Medicaid seniors of the greater St. Louis area, and our Medicaid population is not just our independent and assisted living residents who have exhausted their funds. We admit Medicaid residents straight from the general public to answer a public need, and we don't shy away from high-acuity residents. All long term care residents of our facilities receive the same level of care and staffing, regardless of whether they have the funds to pay us directly or if they are covered by Medicaid. This does cost us more on a per-resident day basis, but for the sake of dignity and quality of care, this is our care model. We provide quality dining and we staff at levels similar to what would have been required under CMS' proposed staffing mandate.

Because of poor Medicaid reimbursement, several years back, we were faced with the decision to either reduce the quality of care by cutting costs significantly or reduce the number of Medicaid residents that we cared for. Throughout our communities, we chose to take roughly 200 Medicaid beds out of service through resident attrition, reducing our mission. With Missouri's recent reimbursement methodology changes, we actually started getting credit financially for the level of care we were providing, so we had planned to bring roughly 60 of those Medicaid beds back online, UNTIL we started to hear the rumblings of potential Medicaid cuts, so that has been put on hold.

*Bethesda Recently Sold a 210-Bed SNF to a For Profit Provider*

On June 30, 2024, Bethesda sold one of its standalone skilled nursing facilities that was a respected, 5-Star facility at the time of the sale. Bethesda chose the purchaser because they had acquired a few other Missouri nonprofit skilled nursing facilities, and at the time of the purchase, they had kept those other facilities at or above a 3-Star rating, which was important to us for our staff and our residents' sake. St. Louis was a new market for these owners, and the past year has not gone well for them. They are now a 1-Star facility and currently have Medicare/Medicaid denial of payment sanctions on them and have issued letters to resident families that they may need to find alternate living arrangements for their family members.

The bottom line of this example is that if CMS and the states won't pay for quality care, the quality care providers can no longer continue to keep their doors open. The not-for-profit SNF sector has in the recent past, and will continue in the future, to get out of the SNF business and sell to the for-profit owners who, in many of these cases, are investors, not providers. The communities that they serve are then faced with the reality of having fewer quality options for this vulnerable segment of our population. The proposed cuts to Medicaid will exacerbate these issues.

***How do you anticipate the moratorium on Medicaid provider taxes will affect access to care and payment rates for struggling providers in your state?***

The moratorium policy that was in the House bill would have reduced states' flexibility to adapt and respond to all of the cuts that are proposed in this legislation as well as general changes in state costs. However, the Senate bill takes this threat to a new level for expansion states. Our members in expansion states where the provider tax and state directed payment policies proposed by the Senate are more drastic than the House bill do not feel that the "carve out" of nursing homes from the policy are protective of older adults. For example, based on reporting from New York's Department of Health (NYSDOH) & the

Governor, the House budget reconciliation bill (H.R. 1) would cost the state's health care economy approximately $13.5 billion. This is without the Senate's additional changes to provider tax policies. Based on analysis of New York's existing provider tax structure and reporting from NYSDOH, if the state's hold harmless threshold was lowered to 3.5%, the state could lose at least **another $2.6 billion** in federal funding. This is a modest estimate and could be made worse depending on specific policy variables related to budget reconciliation bills.

There are already 7,200 nursing home beds 'offline' in NY due to staffing shortages, and there are more than 70,000 nursing home beds in financial distress due to inadequate reimbursement for care. Reductions in provider taxes of any kind that will limit resources available for NY health care services will exacerbate existing challenges for older adults and vulnerable individuals who need and deserve high-quality long-term care services.

***What do you think will be the overall effect of the health care provisions in the House reconciliation bill on the American people?***

LeadingAge members agree that the overall impact of the health care provisions in the House bill (and the proposed Senate bill) would be drastic and negative – as reported widely and confirmed by the Congressional Budget Office analyses to date. We do offer the following perspectives on specific populations.

*Persons Residing in Senior Housing*

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.[1] Around two-thirds of HUD-assisted older adults rely on Medicaid for their healthcare. Initial and ongoing paperwork to meet various state community engagement documentation requirements (whether to show work or show an exemption) and increased eligibility checks would be highly burdensome and undoubtedly result in reduced access to healthcare.

*Home and Community Based Services (HCBS)*

[1]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 HCBS benefits are optional for states, we are generally very concerned that states facing tough budget decisions as a result of this bill will have no choice but to cut home and community based services – as they have done in other budget downturns.[2] 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.

Our members provide myriad HCBS services that support people where they want to age and receive services and support family caregivers. An adult day provider in New Jersey shared:

- *NM attends adult day care (ADC) 5 days a week and has done so since October 2022. She lives in her own apartment with and is connected with a case management organization. She has no family or friends who contact her. NM receives assistance with showers, laundering her clothing, support in the bathroom for incontinence, medication administration, and health monitoring. Prior to coming to ADC, NM was not taking her medication daily or managing her hygiene needs. She was not accepting support from home health aides coming to her home. When NM had COVID and was unable to attend the program while sick, she returned to the program over a week later in the same clothing and incontinence products that she was assisted to put on during her last day of attendance prior to her illness. Without the support of ADC, this would be her reality daily. She has developed friendships, a social outlet, activity engagement, and access to a health and wellness program supporting her with her pain management. Without ADC, she would require nursing home placement.*

HCBS facilitates continued employment and the maintenance of health for family caregivers that would be threatened by this bill.

- *One gentleman, a baby boomer not yet ready for retirement, had to leave his job to care for his wife after she suffered multiple strokes. Without income, he faced foreclosure on his home. After being referred to us [an adult day center in Ohio], he enrolled his wife in our program, allowing him to return to work and regain financial stability.*
- *A devoted wife, exhausted from providing 24-hour care for her husband, broke down in tears when she discovered our [adult day] services. She finally had the support she needed to take care of herself while ensuring her husband received quality care.*

[2] https://www.healthaffairs.org/content/forefront/history-repeats-faced-medicaid-cuts-states-reduced-support-older-adults-and-disabled

If Medicaid payment for these services were reduced or eliminated, many of these providers would have to close and they would not only close for the Medicaid recipients – they would close for all beneficiaries. This includes veterans and those who pay privately. The Program for All Inclusive Care for the Elderly (PACE) which provides full services for people who otherwise would likely be in a nursing home including primary care, home care, socialization, transportation, and any other needed services is a Medicare-Medicaid funded program. At a time when the demand for PACE is growing, if states face budget shortfalls, PACE is a program that could easily end up on the chopping block to the great detriment of those it serves.

Thank you for your questions and for highlighting the threats posed to older adults and those who serve them by this legislation. Please contact Mollie Gurian at mgurian@leadingage.org with any questions.