Lutheran Services in America®

November 24, 2025

The Honorable Mehmet Oz
Administrator, Centers for Medicare and Medicaid Services
7500 Security Boulevard
Baltimore, MD 21244-1850

RE: Implementation Considerations for the Medicaid provisions of the H.R. 1

Dear Administrator Oz:

On behalf of Lutheran Services in America and our national network of faith-based health and human service providers, I appreciate the opportunity to share with the Centers for Medicare and Medicaid Services (CMS) our comments and considerations related to the Medicaid provisions of H.R. 1 (the "One Big Beautiful Bill Act" or OBBBA) as they are implemented.

Lutheran Services in America—one of the nation's largest networks of health and human service providers—is rooted in a century-long, faith-based commitment to service. Its 300 nonprofit organizations operate in 1,400 communities across 46 states, Washington, D.C., and the U.S. Virgin Islands, reaching more than 7 million people each year. Together, they improve outcomes for children, youth, and families; support independence for older adults; champion meaningful services for people with intellectual and developmental disabilities; and strengthen stability and purpose for veterans and others. Lutheran Services in America brings together a broad network of leaders, partners, and stakeholders—connecting insights, elevating innovation, fostering collaboration, and shaping policies and practices that advance health and opportunity for all.

Given the popularity and importance of Medicaid in addressing and preventing real health challenges, we stand ready to collaborate with your agency and with states as they begin implementation of provisions in OBBBA. At the heart of our concerns is the impact on people who are eligible for Medicaid but will struggle to maintain coverage under these changes. Adults working at or near the poverty level, people with disabilities, and older adults are the most likely to be harmed. Complex reporting rules, rigid timelines, and financing changes will create barriers that further threaten access to care for the working poor and caregivers for older adults. At the same time, further disruption to providers and payers will impact the continuity of care.

Lutheran Services in America members work with all the constituents of Medicaid, including children and families, people with disabilities, and older adults, with a long-established record of providing quality care. From that perspective, we share our thoughts as OBBBA is operationalized, specifically the community engagement requirements and changes to provider taxes. We want to work in partnership with CMS, as we continue our work with state and local governments and other stakeholders, to ensure OBBBA changes do not negatively impact people who are eligible for Medicaid.

Community Engagement Requirements

Self-Attestations and Streamlining Compliance

Since self-attestations for community engagement requirements are not prohibited by OBBBA, we encourage CMS to allow states to leverage self-attestations when determining compliance with community engagement requirements. This is of high importance given the tight implementation timeframes. The burden of churn falls hardest on children, older adults, and people with disabilities who rely on uninterrupted care. When parents lose coverage, their children often follow, even when they are still eligible.

Our members have already seen the consequences of churn during recent enrollment and eligibility changes. We recognize the importance of preventing further unnecessary disruptions that lead to poor health outcomes and to higher costs related to uncompensated care, making affordability more challenging for all stakeholders. Given that both the Supplemental Nutrition Assistance Program (SNAP) and Temporary Assistance for Needy Families (TANF) allow for self-attestations in limited circumstances to verify compliance with community engagement requirements, we recommend the adoption of the same practice for Medicaid, with subsequent verification through third-party documentation and data matching to ensure ongoing compliance. This streamlined approach would reduce the administrative burden on states, providers, and patients, and lower the likelihood that eligible people lose access to care due to procedural barriers.

To further streamline the compliance process for states and enrollees, we recommend CMS allow states to align reporting requirements with program eligibility determinations. Because we seek to ensure adults who are working, caregiving, in treatment or training, or managing disabilities are not penalized

and do not lose coverage, we suggest that CMS explicitly allow a broad base of activities to count toward employment, including education and volunteering.

Where permitted under OBBBA, CMS should also provide extensions and waivers for states making good-faith efforts toward compliance. This will help states strengthen workforce capacity and connections to employment systems without sacrificing coverage for eligible people.

Real-world examples underscore the importance of considering lessons learned from previous state-level efforts in implementing work requirements. In Arkansas, over 18,000 people lost coverage during the nine months in which the state's work reporting requirement policy was in effect, many because the reporting process was confusing or inaccessible. Those who lost coverage reported delaying care, skipping medications, and incurring medical debt. Similarly, Georgia's Pathways to Coverage program projected 100,000 enrollees but enrolled only 4,231 in its first year—in part because applicants had to demonstrate compliance before receiving coverage.

Qualifying Definitions and Data Sharing

OBBBA provides exceptions for individuals who are medically frail or otherwise have special medical needs (as defined by the Secretary), including people with disabilities and individuals with substance use disorders. During implementation, we recommend that CMS work closely with states, payers, and providers to ensure clear, standard definitions in these categories so that federal guidelines and state and local practices are consistent and ensure reliable continuity of care.

Additionally, there are currently lags in data sharing between the Social Security Administration (SSA) and states which result in delays or disruptions in care and coverage for patients. These delays must be addressed to secure timely and needed exemptions from community engagement requirements. We ask that CMS work with SSA to support timely data sharing with states so they have the best information available to ensure continuity of coverage and access for patients.

Considering the hard lessons that have been learned in individual state rollouts, CMS should take this opportunity to make needed modifications in implementation, thus ensuring states are given the time and flexibility needed to adapt to OBBBA changes to limit disruption and ensure continuity of care.

Cuts & Timeline Pressures will Destabilize the Care System

Provider Taxes & State Fiscal Pressures

Provider taxes are a critical component of Medicaid financing in nearly every state and help support the costs of care, including what providers receive in reimbursement. This is especially vital for safety-net providers, including hospitals and skilled nursing facilities. Even with provider tax exemptions for skilled nursing facilities, significant impacts will be felt given the scope of cuts overall. With many states already facing stiff fiscal headwinds on multiple fronts amidst current and rising economic uncertainty, additional disruption via changes to provider taxes threatens the stability of the entire care system. Because OBBBA makes major changes to how states can use provider taxes, including freezing existing provider taxes at their current levels while prohibiting increases in new provider taxes or existing tax amounts, time to allow for adjustments is needed. As such, we recommend that CMS use its full authority to clarify interpretation of the law and outline compliance dates for states, including granting transition periods where permissible to allow time to consider and make necessary modifications.

Since most states currently use provider tax revenue to help fund their share of Medicaid, and in most cases must work through their state legislatures to make changes, gaps in funding will lead to volatility, uncertainty, and further disruption across patients, providers and payers. In fact, a policy analysis conducted by the Congressional Budget Office (CBO) estimates a $191 billion reduction in Medicaid spending due to the new limitations on provider taxes.

Reimbursement rates in Medicaid are already insufficient to meet the cost of providing care—for example, since 2019, Medicaid has covered only about 82 cents of every dollar spent by nursing homes. Thus, any additional reductions in state and federal funding stemming from limitations on the use of provider taxes, without time to identify alternate sources of funding, will make already difficult budget situations worse and cause disruption to the entire system of care in communities.

Furthermore, community engagement requirements for the expansion population, which tends to have fewer acute health conditions than the traditional population, will further exacerbate rate pressures. As such, we anticipate coverage losses and churn of healthier expansion population enrollees, which will result in significant fluctuations in cost and coverage. Given this, in

addition to modifications of provider tax provisions to allow for more flexibility and time, we also recommend that CMS disseminate guidance to states on risk mitigation strategies. This will ensure that patients, providers, and payers can navigate through a time of great uncertainty.

Conclusion

Lutheran Services in America, along with our united faith-based network, stands ready to partner with CMS to ensure OBBBA changes related to Medicaid are implemented in a way that limits system disruptions. We urge CMS to move intentionally in partnership with states, providers and payers through the implementation process to ensure continuity of care for older adults, people with disabilities, and children and families.

Specifically, we urge modifications and transition time for both community engagement and provider tax provisions. This includes allowing self-attestations for eligibility and enrollment; aligning definitions and data sharing as community engagement requirements are implemented; and supporting flexibility for states as provider tax changes are implemented, including the use of waivers and granting transition periods where permissible.

Thank you for considering our recommendations. We welcome the opportunity to discuss these issues further and collaborate toward our shared goal of ensuring access to care for children and families, older adults, and people with disabilities without major disruptions across the entire care system.

Respectfully,

Alesia Frerichs
President and CEO