



ARGENTUM
EXPANDING SENIOR LIVING



November 6, 2017

The Honorable Paul Ryan
Speaker
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Kevin Brady
Chairman, Committee on Finance
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Nancy Pelosi
Minority Leader
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Richard Neal
Ranking Member, Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

Protect the Medical Expense Deduction for Seniors

Dear Speaker Ryan, Leader Pelosi, Chairman Brady and Ranking Member Neal:

I am writing on behalf of the American Seniors Housing Association (ASHA), Argentum, and Leading Age to urge you to act immediately to protect the more than five million senior citizens who currently rely on the medical expense tax deduction to help partially offset the significant costs of health care and supportive services. H.R. 1, the Tax Cuts and Jobs Act, repeals this critically important deduction, thus threatening the security and safety of our oldest and sickest seniors.

ASHA, Argentum and Leading Age are national organizations that represent companies involved in the operation, development, investment, and financing of the entire spectrum of seniors housing -- independent living, assisted living, memory care, and Continuing Care Retirement Communities (CCRCs). The average resident in one of our communities is a woman in her eighties who requires help with activities of daily living. A large and growing number of residents also suffer from Alzheimer's disease and other forms of age related dementia. The medical expense deduction is widely used by this population to defray some of their costs associated with growing old and suffering from chronic conditions.

While we commend congressional efforts to simplify and grow the economy, it is critical that in the process the needs of our seniors are not overlooked. The doubling of the standard deduction will certainly benefit a segment of the senior population, as long as they have minimal health expenses. But for someone who is older and sicker, there is no benefit. The new plan will instead result in a tax increase.

As you know, the U.S. population is getting older and living longer. The average age of a resident in an assisted living community is 85. This person generally needs help with basic tasks of everyday life. Further, it is estimated that 40 % of residents living in our communities have some level of dementia.



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Alzheimer's is currently the most expensive disease in the U.S., and while the medical expense deduction cannot change the diagnosis, it can ease the financial burden on the senior and family caregivers.

Our data shows that unless the medical expense deduction is retained in current law (and held at the 7.5% income threshold), seniors will expect an average tax increase of \$1800 next year--even at the lowest 12% bracket. For seniors with more significant medical costs, such as someone living with Alzheimer's, the impact will be much worse. We estimate that a resident living in a Memory Care community will incur out-of-pocket costs of at least \$ 70,319 each year. Under current law, assuming a modest income level, they would have no tax liability. Under the new plan, they could face a tax liability as high as \$6,100.

It is also noteworthy that for purposes of the above example, the senior resides in a private pay community and is most likely using all of his or her personal assets to cover the monthly expenses. Many seniors also receive financial support from family members. If seniors cannot pay this new tax liability, it is very likely they will become reliant on Medicaid, which is already a financially challenged program. This should not be the desired outcome for anyone. The medical expense deduction provides seniors and their families the much-needed financial flexibility to meet the growing costs associated with aging and illness. Please do not take this from them.

If you have questions, please feel free to contact Jeanne McGlynn Delgado, ASSHA VP of Government Relations at jeanne@rsniorshousing.org or Maribeth Bersani, SVP and COO, Argentum at mbersani@argentum.org, or Niles Godes, SVP, Government Affairs & Housing at ngodes@leadingage.org.

Thank you for your support of America's seniors.

Sincerely,

David Schless

James Balda

Katie Sloan

Cc: US. House of Representatives