

**The Honorable Glenn “GT” Thompson (PA-15)**  
**Testimony before the House Committee on Ways and Means**  
**Member Day Hearing on Priorities in the 119th Congress**  
**January 22, 2025**

Chairman Smith, Ranking Member Neal, and Members of the House Committee on Ways and Means:

Good morning and thank you for providing the opportunity to share my priorities for the 119th Congress. Representing one of the most rural districts east of the Mississippi River, agriculture and rural development, accessible and affordable health care, and workforce development are top priorities for me and my constituents. I believe the policies described below within the Committee’s jurisdiction would enhance the quality of life for my constituents and all Americans.

**Skills Investment Act**

As co-chair of the Career and Technical Education Caucus, I was proud to recently introduce H.R. 464, the *Skills Investment Act*, bipartisan legislation designed to expand tax-advantaged savings opportunities for Americans pursuing new job skills and better career prospects. This bill directly responds to the needs of employers who have been struggling to fill vacancies due to skills misalignments in the workforce.

Specifically, the *Skills Investment Act* would change existing Coverdell education savings accounts (ESA) to create lifelong learning accounts by raising the age-based contribution limit to 70 and expanding the scope of allowable distributions to cover a broader array of in-demand education and skills training forums. These expanded uses include for programs offered by career and technical education institutions, adult education and literacy programming, and other federally recognized workforce development initiatives.

Additionally, the bill makes Coverdell investments eligible for pretax contributions, and workers over 30 would be allowed to contribute up to \$4,000 tax free each year, with a maximum contribution limit of \$10,000 for any individual. Employers would also receive a 25% tax credit for contributions to a worker’s account to ensure the skills and training provided meet labor market demands.

As employers face tight labor markets and skills gaps throughout the workforce, this legislation directly addresses those needs by expanding access to skills-based educational opportunities for learners of all ages. With millions of job openings in the United States today, we must ensure job seekers are equipped with the necessary skills to fill in-demand jobs.

**Agricultural Tax Issues**

I would like to address several tax issues that significantly impact on rural and agricultural communities. As Chairman of the Committee on Agriculture, I am acutely aware of substantial

challenges facing farmers across the nation. The tax code is often the silent partner for our farming businesses, preserving profitability in the face of rising costs and protecting farms in the face of falling revenues.

As the Committee turns its attention to tax reform this Congress, I urge you to prioritize several key provisions in the code that are incredibly important to maintaining and protecting ongoing farming operations.

First and foremost, it is essential that tax reform protect a number of provisions that were made permanent in the *Tax Cuts and Jobs Act* (TCJA), including Section 197 expensing, the indefinite carry-forward of deductions, and the 21% corporate tax rate. These permanent tools are critical to farmers' ability to plan and manage their operations each year.

Similarly, there are provisions slated to expire that I strongly encourage the Committee to either extend or make permanent. These include the corporate pass-through rates and the expanded tax brackets, the Section 199A deduction, and the bonus depreciation provision. Together, these provisions help preserve farm profitability and ensure stability for agricultural businesses.

In addition to preserving the essential aspects of TCJA, Congress has an opportunity to provide new tools to support farmers and ranchers, during these times of economic dislocation in farm country.

First, I recommend the Committee explore the creation of Farmer Savings Accounts to allow producers to better manage their cash across the agricultural business cycle. A well-designed Farmer Savings Account could remove the current tax incentives to overspend during profitable years and help farmers save for times when economic conditions are less favorable.

Second, I encourage the Committee to consider options to incentivize the consumption of domestically sourced agricultural products. Given that agriculture is an intensely competitive global industry, we should leverage this upcoming reconciliation bill as an opportunity to boost demand for US agricultural products by encouraging US companies to increase their use of American-grown goods.

For most producers, farming and ranching is not just a way to make a buck. It is a way of life, handed down from generation to generation. Today, the average age of a farmer is 58 years old, the oldest it has ever been. To preserve these family operations, it is essential that their heirs can inherit the farm or ranch without being burdened by a massive tax debt.

In the coming years, a generational shift in US agriculture will take place as these older farmers and ranchers pass on their operations. Because farming and ranching is tied to land that has likely appreciated over a lifetime, the return of the Death Tax and the elimination of stepped-up basis threaten that transition with devastating tax bills.

As this Committee considers tax reform, I urge you to finally scrap the Death Tax once and for all. This tax is a millstone around the necks of anyone trying to plan for an orderly transition of a family business. Failing permanent repeal, I encourage the Committee to expand the exemption

or, at a minimum, maintain it at its current levels. Similarly, the Committee should continue to reject any attempt at eliminating stepped-up-basis, as such a change would place overwhelming financial pressure on family farms and ranches on the death of a loved one.

Beyond policies that directly affect farmers, the Committee should also consider the broader impact of tax policies on agricultural producers and the rural economy.

Numerous tax credits play a crucial role in diversifying the nation's energy supply, advancing energy efficiency, fostering economic opportunities in rural America, and supporting farmers and ranchers. It is essential that discussions surrounding these tax credits prioritize the productivity of farmland. Incentives that encourage the conversion of large areas of productive farmland to non-agricultural uses could have long-term negative consequences for food production.

Similarly, tax credits related to farming methods should be guided by clear and practical policies that support the real-world benefits of today's agricultural practices. For example, the Biden-Harris Administration's recent 45Z tax credit guidance reflects a lack of understanding of the emissions-reducing benefits inherent in American agriculture. It is my hope that any forthcoming tax package will implement policies that genuinely empower farmers and align with the realities of modern farming.

### **Medicare Orthotics and Prosthetics Patient-Centered Care Act**

This Congress, I will reintroduce the *Medicare Orthotics and Prosthetics Patient-Centered Care Act*, which would strengthen Medicare for beneficiaries who use orthoses and prostheses by reducing waste, fraud, and abuse within the Medicare program and expanding access to these critical devices.

Orthoses (orthopedic braces) and prostheses (artificial limbs) help millions of Americans increase mobility, recover from injury, and improve overall quality of life. Medicare currently reimburses the "drop shipment" of custom orthoses and prostheses directly to a Medicare beneficiary's home without any clinical guidance, training, or intervention from a provider or supplier. This leads to rampant waste, fraud, and abuse within Medicare as durable medical equipment suppliers are reimbursed for devices that may not fit a patient's needs, do not work as advertised, or are not able to be operated without professional guidance. Prohibiting the drop-shipment of all prosthetic limbs and custom-fabricated or custom-fitted orthoses could yield significant savings and ensure these beneficiaries have appropriate access to a health care practitioner to provide the necessary guidance for proper use of their device.

This legislation would also expand access to replacement orthoses for Medicare beneficiaries. Currently, Medicare does not generally cover the replacement of a custom-fitted or custom-fabricated orthosis within the "reasonable use lifetime" of the orthosis, usually around five years. This forces beneficiaries to wait long periods of time before being eligible for replacements, undeniably delaying access to medically necessary care. The bill would allow Medicare to reimburse for a replacement orthosis if any of the following conditions are met:

- A change in the physiological condition of the patient
- An unrepairable change in the condition of the orthosis
- The orthosis requires repairs and those costs would be more than 60 percent of the cost to replace the orthosis

Finally, this legislation would allow certified or licensed orthotists and prosthetists to provide off-the-shelf orthoses directly to Medicare beneficiaries by exempting them from competitive bidding. Under the present system, orthotists and prosthetists without a competitive bidding license are required to send patients in need of an off-the-shelf orthosis to a colleague that has a competitive bidding license, adding an unnecessary barrier to care. This change brings orthotists and prosthetists in line with other providers, like physical and occupational therapists and physicians, who the Centers for Medicare and Medicaid Services also exempt from the competitive bidding process.

Combined, these changes could save taxpayers at least \$60 million over the next 10 years, according to an independent analysis. Therefore, I respectfully request this Committee use any upcoming opportunities to enact these policies, which will expand access to proper care and replacement orthoses, into law.

#### **Improving Access to Medicare Coverage Act**

As you may know, current Medicare law requires that patients have an inpatient stay of at least three days in order for Medicare to pay for prescribed care at a skilled nursing facility (SNF). There is mounting concern and evidence that too many Medicare beneficiaries and their families are being saddled with insurmountable, surprise out-of-pocket costs for stays at SNFs because hospitals are increasingly caring for these patients under “outpatient observation status” rather than admitting them as inpatients. This billing technicality has significant repercussions for beneficiaries who are left facing either enormous, unexpected post hospital bills or avoiding the care and treatment their doctors have suggested.

In 2013, both the HHS Office of the Inspector General and the Long Term Care Commission urged the CMS to consider ways “to ensure that beneficiaries with similar post-hospital care needs have the same access to and cost-sharing for SNF services,” including the request to count time spent in observation status toward meeting CMS’ three day stay requirement. We saw the temporary waiver of the three-day rule during the COVID-19 pandemic, and now it is time to take it a step further.

Medicare should cover this doctor-recommended post-acute care by counting the time spent under “observation status” toward the requisite three-day hospital stay for coverage of skilled nursing care. Medicare beneficiaries should be able to have peace of mind when receiving medical care advised by their physicians and certainty that Medicare will reimburse their care.

This Congress, legislation will be reintroduced to expand access to necessary medical care for Medicare beneficiaries, and I respectfully request the Committee give this policy full and fair consideration in any upcoming legislative vehicle.

### **Inpatient Rehabilitation Therapy**

CMS uses an intensity of therapy requirement to determine, in part, which Medicare beneficiaries qualify for treatment in an inpatient rehabilitation facility (IRF). The “Three-Hour Rule” requires the patient to participate in, and benefit from, at least three hours of rehabilitation therapy per day, five days per week. Prior to 2010, CMS regulations for IRFs explicitly recognized physical therapy, occupational therapy, speech therapy, and/or orthotics and prosthetics as countable toward the “Three-Hour Rule” but allowed the physician and rehabilitation team to prescribe the appropriate mix of “other therapeutic modalities” in addition to the skilled services listed in the regulation. In 2010, CMS revised the IRF regulations and limited the “Three-Hour Rule,” removing the physician’s discretion to count additional therapeutic services toward satisfaction of the rule. Other skilled therapies, including recreational therapy, psychological services, respiratory therapy, and neuropsychological services, are no longer counted.

Although IRFs are permitted to provide these services, the fact that they cannot be counted toward the rule has limited their availability in many rehabilitation hospitals. During the COVID19 Public Health Emergency, the “Three-Hour Rule” was waived in its entirety. Despite this broad flexibility, nationwide IRF data demonstrates that admissions did not increase, and the average amount of therapy provided to patients remained steady. The blanket waiver of the rule has not resulted in negative impacts on care, but has allowed IRF patients to receive a broader, more appropriate mix of therapies to treat their conditions.

This Congress, I will reintroduce the *Access to Inpatient Rehabilitation Therapy Act* to ensure that rehabilitation physicians are able to prescribe the correct mix of skilled rehabilitation therapies for their patients by allowing “other skilled therapeutic modalities,” including recreational therapy, respiratory therapy, and other defined by CMS, to count toward the intensity of therapy requirement during an IRF stay. This bipartisan legislation will support America’s seniors by preserving expanded access to skilled rehabilitation therapies for Medicare patients. As a former rehabilitation therapist, I request the Committee give full and fair consideration to the bill once introduced.

Thank you again Chairman Smith, Ranking Member Neal, and Members of this Committee for allowing me to express my priorities for this Committee in the 119th Congress. I appreciate your consideration and look forward to working together on these and other issues.