



Good morning, Chairman, members of the committee, and distinguished guests. My name is Charles Schlauch, and I am grateful as the Administrator of Glenbrook Rehabilitation and Healthcare Center that we were afforded the opportunity to host this event.

I want to also Thank you for the opportunity to speak today about one of the most urgent issues facing Pennsylvania families: senior affordability and the growing financial strain on long-term care providers across our Commonwealth.

Every Pennsylvanian deserves the peace of mind that comes with knowing their parents, grandparents, spouses, and loved ones can age with dignity, safety, and have access to quality care. But today, that promise is becoming increasingly difficult to keep—not because providers lack commitment, but because the system itself is under severe financial pressure.

Long-term care facilities are operating in one of the most challenging environments we have seen in decades. Costs have risen dramatically across every category- food, utilities, insurance, medical supplies, and regulatory compliance—yet reimbursement rates have not kept pace with the true cost of care. Most specifically these financial shortfalls are directly related to the Budget Adjustment Factor (BAF) which has been introduced in 2005 as a temporary measure. At the current rate facilities are forced to operate at 80% of their state-calculated costs.

For many facilities, Medicaid reimbursements remain significantly below operating costs. The result is a widening gap that forces providers to make impossible decisions: delaying upgrades, reducing services, limiting admissions, or in some cases, closing altogether. This scenario is far too familiar to our community, as we have had 2 local facilities in recent times that have shut their doors. Thankfully this facility was able to provide strong Community support to overcome this massive strain that families, staff and residents had to endure.

When a nursing facility closes, the impact is devastating. Seniors are displaced from communities they know and trust. Families are forced to travel farther to visit loved ones. Hospitals experience increased backlogs because patients have nowhere to transition for long-term care. Rural communities are especially vulnerable, where one facility closure can leave an entire region without adequate senior care access.

This is not simply a healthcare issue. It is an affordability issue for families, a workforce issue for communities, and an economic issue for Pennsylvania.

Facilities are also struggling to recruit and retain qualified staff. Caregivers, nurses, dietary workers, housekeeping teams, and support staff are the backbone of long-term care operations. Yet providers are competing against rising wages in every industry while

operating under reimbursement structures that do not reflect today's labor market realities.

Without adequate operational support, facilities cannot continue delivering the quality care our seniors deserve.

That is why I urge this committee to prioritize three key areas.

First, Pennsylvania must modernize and strengthen Medicaid reimbursement rates for long-term care providers. Reimbursement should reflect actual care costs, inflationary pressures, workforce demands, and regional economic realities. Sustainable funding is essential to maintaining access and quality.

Second, we need stronger operational support for facilities. This includes workforce development initiatives, staffing incentives, regulatory flexibility where appropriate, and targeted investments that allow providers to improve infrastructure, technology, and resident services.

Third, we must recognize long-term care facilities as critical community institutions. Supporting these providers means supporting families, local jobs, hospitals, and the broader healthcare system. Stability in senior care protects vulnerable Pennsylvanians while reducing strain elsewhere in the continuum of care.

*I want to passionately assert the following:* Pennsylvania's seniors built our communities, raised our families, served our country, and contributed to our economy for decades. They deserve more than uncertainty in their later years. And the caregivers serving them deserve a system that allows them to succeed—not merely survive.

I appreciate the committee's attention to these issues and your willingness to engage in meaningful solutions. With thoughtful policy, responsible investment, and bipartisan commitment, Pennsylvania can strengthen senior affordability while ensuring long-term care providers remain viable for generations to come.

Thank you for your time, and I welcome any questions.