

Preserve Medicaid for Our Nation's Older Adults and Those Who Care for Them

Congress and the Administration must safeguard the Medicaid program and the fundamental care infrastructure for older adults.

Medicaid Recruits and Trains the Eldercare Workforce

Providers of LTSS rely on Medicaid to help meet the costs of recruiting, training, and retaining, a qualified eldercare workforce, including nurses, physicians, psychologists, social workers, direct care workers, and others. Not only does the eldercare workforce provide critical health care services, but these health care jobs are also major contributors to local economies. **The United States is expected to add more than 1.6 million direct care workers, bringing the total workforce to more than 5 million people in 2020.**ⁱ



Medicaid Provides Critical Support to the Eldercare Workforce

A majority of direct care worker jobs are paid through the Medicaid program. Moreover, **nearly 1 in 5 direct care workers, including 1 in 4 home health aides, relied on Medicaid** and other public insurance for health care coverage for themselves or their families in 2009.ⁱⁱ Between 2010 and 2014, there was a 30 percent increase in the number of direct care workers insured through the Medicaid program, primarily as a result of Medicaid expansion.ⁱⁱⁱ Thus, cuts or structural changes to Medicaid could destabilize the health care workforce upon which older adults depend.

Older Adults Rely on Medicaid for Vital Long-Term Services and Supports

Medicaid is the principal payer for long-term services and supports (LTSS), including LTSS provided in nursing homes and home- and community-based settings. For many older adults, Medicaid is the only option available to pay for the staggering cost of LTSS after they have exhausted their own personal savings. Most of these older adults have multiple chronic conditions and are among the health care system's most vulnerable individuals.

Medicaid Reforms Shouldn't Restrict Health Care Access for Our Most Vulnerable

Reductions in Medicaid spending, such as those that would occur under block grant and per capita cap reform proposals, have the potential to be catastrophic for older adults, their families, the eldercare workforce, and communities across the country.

By the Numbers

- More than 15% of the older adult population—that is, nearly 6.3 million people—rely on Medicaid-funded LTSS.¹
In 2012, Medicaid paid for 61% of all LTSS, equating to more than \$134 billion.¹
- Medicaid is the primary payer for LTSS provided to 63% of nursing home residents.¹

Proposed Reform Scenarios:

	Current Program	Block Grant	Per Capita Cap
Coverage	<ul style="list-style-type: none"> Guaranteed coverage; no waiting lists or caps (differs for waiver benefits) 	<ul style="list-style-type: none"> No guarantee of coverage; wait lists or caps can restrict access 	<ul style="list-style-type: none"> Possible guarantee of coverage for certain groups
Funding	<ul style="list-style-type: none"> Guaranteed federal funding with no cap; federal funding matches or exceeds state spending Federal funding responds to program needs (health care costs and beneficiary enrollment) 	<ul style="list-style-type: none"> Federal funding capped, regardless of state spending Federal funding based on fixed rate of anticipated program growth, not on actual enrollment, costs, or program needs 	<ul style="list-style-type: none"> Federal funding capped per enrollee, regardless of state spending Federal funding based on fixed rate of anticipated costs per enrollee, not on actual health care costs or beneficiary needs
Standards	<ul style="list-style-type: none"> Set in law with state flexibility to expand 	<ul style="list-style-type: none"> No guarantee insurers must offer essential health benefits 	

Impacts on Older Adults, the Workforce, and Communities:

Service Reduction Would Limit Care Options

Due to Medicaid's role as the primary payer for LTSS, the proposed reforms could have a significant impact on access to both nursing home care and home- and community-based services (HCBS). Currently, HCBS are optional benefits in the Medicaid program. If states are forced to reduce services due to funding restrictions, it is likely that states will consider reducing access to long term care services offered in homes and communities. These service reductions could limit the ability of older adults to age in the care setting of their choice.

Additionally, Medicaid is currently mandated to provide nursing home care. Long-term nursing home care—which, unlike many other health care services, is not covered by Medicare—is a costly benefit for states to provide. Medicaid reform proposals that include increased state flexibility and reduced federal requirements could remove this mandate and provide incentives to reduce state costs, thereby decreasing both access to nursing home care and the quality of that care.

Changes to Eligibility and Cost Sharing Would Reduce Access

The budgetary pressures inherent in the proposed Medicaid reforms would create incentives to reduce Medicaid eligibility or shift costs to beneficiaries through increased cost sharing. Block grants and per capita caps are likely to include weakened federal minimum standards that could allow states to limit severely which people qualify for Medicaid. Medicaid block grants and per capita caps might also include increased premiums for beneficiaries; such reductions would consequently reduce health care access for older adults.

Provider Payment Rate Cuts Would Reduce Health Care Access

Because block grants and per capita caps would result in reductions in federal contributions to the Medicaid program, states would likely reduce payments to providers and health plans. These reductions could limit the number of providers who accept Medicaid, thereby reducing health care access for older adults.

Job Loss Would Hurt Local Economies

Not only does Medicaid provide care for millions of older adults, but it is also an economic engine for the states. A recent study projects that repealing the Medicaid expansion created by the Affordable Care Act would result in a loss of more than 631,000 health care jobs in 2019 alone.^{iv} Medicaid cuts would especially harm the supply of direct care or home care workers. Thus, Medicaid block grants and per capita cap would result in significant job loss in communities across the country.

Inability to Adjust for Demographic Trends Would Strain Budgets

As the baby boomer generation ages, states will experience a growing percentage of Medicaid beneficiaries who are 65 or older. People with disabilities and older adults account for only 24% of Medicaid beneficiaries. Yet, Medicaid-funded services for these populations account for more than 63% of total Medicaid costs.^v In addition, given increasing life expectancy, older adults who are 85 years or older constitute the fastest growing population in the U.S. Moreover, services for adults 85 years and older cost the Medicaid program more than 2.5 times more than those aged 65 to 74.^{vi} Reforms that don't account for these demographic changes will further strain state budgets and lead to further reductions in health care access and quality.

LTSS Reductions Would Increase Reliance on Already-Strained Family Caregivers

Family caregivers are the backbone of our LTSS system. Nearly 18 million Americans currently serve as a caregiver to a loved one over the age of 65, many at cost to their own health and well-being.^{vii} However, changing demographic forces, such as growth of the older adult population and reductions in family size, are reducing the availability of family caregivers. Medicaid reforms that reduce access to LTSS will shift even more responsibility to family caregivers, further straining this essential workforce.

ⁱ PHI, Facts 3: America's Direct Care Workforce November 2013 Update. <http://phinational.org/sites/phinational.org/files/phi-facts-3.pdf>

ⁱⁱ PHI. (2011). Facts 4: Health Care Coverage for Direct Care Workers: 2009 Data Update. Retrieved from: <http://www.phinational.org/sites/phinational.org/files/clearinghouse/facts4-20110328.pdf>

ⁱⁱⁱ Campbell, S. (2017). *The impact of the Affordable Care Act on health coverage for direct care workers* [PHI Issue Brief]. Retrieved from <https://phinational.org/research-reports/impact-affordable-care-act-health-coverage-direct-care-workers>

^{iv} Ku, Leighton, et al. (2017). "Repealing Federal Health Reform: Economic and Employment Consequences for States." The Commonwealth Fund. Retrieved from: <http://www.commonwealthfund.org/publications/issue-briefs/2017/jan/repealing-federal-health-reform>.

^v The Kaiser Family Foundation. (2017). Medicaid in the United States. Retrieved from: <http://files.kff.org/attachment/fact-sheet-medicaid-state-US>

^{vi} Park, Edwin. (2017). "Medicaid Per Capita Cap Would Shift Costs and Risks to States and Harm Millions of Beneficiaries." Center on Budget and Policy Priorities. Retrieved from: <http://www.cbpp.org/research/health/medicaid-per-capita-cap-would-shift-costs-and-risks-to-states-and-harm-millions-of>

^{vii} National Academies of Sciences, Engineering, and Medicine. (2016) Families Caring for an Aging America. Retrieved from: nationalacademies.org/caregiving.