

WHO WE ARE AND HOW MEDICAID IMPACTS PROVIDERS OF SERVICES FOR OLDER ADULTS

Introduction with a focus on who we serve.

- LeadingAge's nonprofit and mission-driven members serve older adults where they receive care and where they live.
- The US health care system does not have another payer-system that covers long term services and supports (LTSS) for older adults
- Our population is not eligible for other types of insurance that would cover the gap for LTSS services like nursing homes and home and community-based services (HCBS). Without Medicaid, it will either be private pay or no care. Many people with Medicaid-paid nursing home stays or HCBS have already spent their life savings on care and are now reliant on the program to meet their basic needs.
 - Medicaid programs have asset limits, meaning if an older adult is using Medicaid-funded services, they likely have no other means to pay for that care and little left over to pay for other basic needs like housing or food.
- LeadingAge is in favor of developing other options to provide support for LTSS – a broader conversation about LTC financing reform. But America's current patchwork approach to delivering and financing long-term services and supports cannot sustain massive cuts to Medicaid program when Medicaid funding is already insufficient to cover existing LTSS costs.
- When states look to cut in response to any federal cuts, older adults and those who serve them are highly likely to be at the top of the list since people who use LTSS account for the largest blocks of Medicaid funding.

Provider Perspective

- Tell stories about how Medicaid funding helps serve older adults wherever they call home.
- Providers should emphasize the amount of Medicaid revenue they receive at their community, the frailty of the people they are serving with those dollars, and the potential budget shortfalls any cuts would cause.
- Make clear what decisions providers would have to make if Medicaid rates were cut- would they sell, stop taking Medicaid and stop serving Medicaid-eligible people, reduce that service line, etc.

IMPACT OF ANY MEDICAID CUTS ON AGING SERVICES

States would have to fill in massive budget holes if federal funding to the Medicaid program were cut. Even if a cut, such as the change to the expansion FMAP proposal, does not seem to directly impact aging services, it would because the cost of the cut would have to somehow be absorbed by states. That type of hole cannot just be filled in via more "efficiency." The only way that states will be able to plug that gap is via:

1. More state taxation

- a. Not something most Republican members support and is in contrast to the promises being made about this reconciliation package – which they are promising will lower people's taxes. Making a cut that will cause an increase in state taxes is not delivering on a promise to lower taxes.
- b. Rural seniors are already pressed by local tax affordability in some states- transitioning tax burdens to states will inevitably harm rural older adults.

2. Transferring existing state general funds to Medicaid, defunding other popular and important programs

- a. Federal funding makes up 1/3 of state budgets currently

- b. States would have to make decisions between Medicaid funding and other important priorities like education, public services, etc

3. Cutting benefits or services

- a. Around 8 million older adults and people with disabilities rely on Medicaid (over 6 million in the home and community and over 1.4 million in nursing homes; remainder in other institutional settings like ICFs)
- b. Long term services and supports (LTSS) – in nursing homes or in the home and community – are not covered by any other payers – only private pay or Medicaid. Medicare covers short term, skilled care in a skilled nursing facility or via home health if a person meets the eligibility criteria but not long term care in either setting.
- c. Home and community-based services are optional services and therefore, more likely to be targets for reduction or elimination
 - i. Provide the office with examples of HCBS covered services – Medicaid funded assisted living, adult day, home based care – describe what it is, how it supports older adults, and how it prevents higher cost care like hospitalizations and emphasize the optional nature of those benefits – so more likely to be cut
- d. If HCBS services are not eliminated due to any proposed federal cuts, it is expected that there would be new or longer waiting lists.
 - i. HCBS waiting lists are already prevalent, but enhanced federal cuts would create longer wait lists and waiting lists for populations that do not currently have waiting lists for services.
- e. If HCBS services were not eliminated completely, there might be scaled back benefit packages at a time when the number of people needing these services is growing
 - i. The [Community Living Policy Center](#) has a good resource to show LTSS need by state; it uses the American Community Survey rather than state waiting list data which is not uniform.
- f. Nursing home services are a mandatory Medicaid service (states must pay for them) and cannot have waiting lists
 - i. But if HCBS services were cut or eliminated, nursing homes could see increased demand that they could not meet

4. Cut rates

- a. 62% of all nursing home stays overall are covered by Medicaid.
 - i. Nursing homes are a mandatory Medicaid benefit that states must provide. but there is already a gap between the cost of care for nursing homes and the Medicaid rate
 - 1. Great to support this with a talking point from your state or from your agency
- b. If there is a federal Medicaid cut, this would trickle down to provider rate cuts and LeadingAge members would experience cuts.
 - i. Please talk about what a Medicaid rate cut would do to provider budgets and ability to take Medicaid patients at all.
 - ii. Opportunity to talk about current rates and what is provided for that rate
 - 1. For example \$22 an hour for homemaker – what does that include? What does it not include? (Eg. labor cost hourly, does the rate include transportation, mandatory administrative overhead)
 - 2. The gas station or Amazon warehouse or Walmart down the road is starting cashiers at X dollars an hour; hospitals pay nurses Y dollars in an hour in my area – discuss current struggles with staffing and how a Medicaid cut would make that worse.