## How Medicaid Impacts Providers of Services for Older Adults

- LeadingAge's nonprofit and mission-driven members serve older adults where they receive care and where they live from senior affordable housing, adult day, home health, PACE, nursing homes, to hospice.
- Medicaid is the only public payer that covers long-term services and supports (LTSS) for older adults.
- Older adults receiving Medicaid-funded LTSS services, whether in a nursing home or in the home and community, either had no money to start or 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 funding for LTSS and we welcome a broader conversation about long-term care financing reform. However, Medicaid will remain a critical component of funding LTSS. Furthermore, America's current patchwork approach to delivering and financing long-term services and supports cannot sustain massive cuts to the Medicaid program when Medicaid funding is already insufficient to cover existing LTSS costs.
- When states look to cut their Medicaid costs 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**.**
- Changes to Medicaid will hamper economic stability and cause participating providers to close. In many rural areas, healthcare is one of the only reliable sources of stable employment.

## Impact of Any Medicaid Cuts on Aging Services

If federal funding to the Medicaid program is cut, states will have to fill massive budget holes. Even if a cut, such as a change to the expansion FMAP, does not seem to directly impact aging services, it will. The cost of the cut will have to somehow be absorbed by states. That type of hole cannot just be filled in via more "efficiency."

States will try to close federal Medicaid funding cuts through:

1. **More state taxation.**
    a. Medicaid cuts will cause state taxes to increase to fill gaps. Tax increases are counter to pledges made about the budget reconciliation effort, namely that it would lower taxes.
    b. Many older rural adults already suffer from taxes that are too high. Transitioning tax burdens to states will inevitably harm rural older adults.
2. **Transferring existing state general funds to Medicaid and defunding other popular and important programs like education.**
    a. Federal funding makes up one-third of state budgets currently, with Medicaid and education being the two largest components.

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

3. **Cutting benefits or services.**
   a. Around eight million older adults and people with disabilities rely on Medicaid (including over six million in the home and community and over 1.4 million in nursing homes; remaining older adults are in other institutional settings like ICFs).
   b. Long term services and supports (LTSS), in nursing homes or in the home and community, are only covered by Medicaid and private pay, not by any other payers. 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 or custodial care in either setting.
   c. Home and community-based services (HCBS) are optional services under federal Medicaid statute and, therefore, are more likely to be targets for reduction or elimination
      i. States provide these services through state-federal partnerships such as §1915 or §1115 waiver programs. These provisions allow states to submit requests to the federal government to provide optional services to target populations (e.g., those who would otherwise be in a nursing home) by complying with parameters such as cost neutrality for populations electing this kind of service.
         1. Cost neutrality is the requirement that waivers cost less to serve the included target population than the Medicaid program would have paid to serve that person in an institution.
         2. Services delivered via waivers are typically less expensive, are in a less restrictive setting, and are preferable to the recipient.
   d. If HCBS are not eliminated after any federal Medicaid cuts, there could be new or longer waiting lists.
      i. HCBS waiting lists are already prevalent, but federal cuts would create longer waiting lists. Cuts would also create waiting lists for populations that do not currently have waiting lists for services, like many aging services.
   e. If HCBS are not eliminated after any federal Medicaid cuts, there could be scaled back benefit packages at a time when the number of people needing these services, and provider ability to safely serve them in the community, 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 as they continue to scale back Medicaid admissions because of financial loss associated with serving Medicaid enrollees and pressures imposed by workforce shortages.

4. **Cut rates.**
   a. 63% of all nursing home residents' stays are covered by Medicaid.
      i. Nursing homes are a mandatory Medicaid benefit that states must provide. There is already a gap between the cost of care for nursing homes and the Medicaid rate.
   b. Any federal Medicaid cut would trickle down to provider rate cuts and LeadingAge members would experience unsustainable cuts forcing providers out of the Medicaid market, or closure of their nursing home.

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