Cutting Medicaid

Harming Seniors and People with Disabilities Who Need Long-Term Care

Families USA

Cutting Medicaid:
Harming Seniors and People with Disabilities
Who Need Long-Term Care

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Introduction

Recently, congressional Republicans have offered a wide array of proposals that would significantly cut the Medicaid program. These proposals have come in different forms, including a proposal to convert the program to a block grant with much less federal funding, straightforward cuts in the program, and global caps on spending. The latest proposal enables the states to significantly reduce Medicaid eligibility and enrollment.

Since Medicaid was established to serve those with nowhere else to turn, deep cuts would cause great harm to the children, families, seniors, and people with disabilities who rely on the program, particularly those who need nursing home and other long-term care.

While most seniors and many people with disabilities are enrolled in Medicare, many of them also rely on Medicaid. For them, Medicaid pays for things Medicare doesn't cover—like the costs of long-term care. Nationally, Medicaid is the largest payer of nursing home and other long-term care, covering 49 percent of all such costs.[1] It is often the only avenue that seniors and people with disabilities have to get the long-term care that they need.

To assess the human impact of proposed Medicaid cuts on the frail seniors and people with disabilities who need support for long-term care, Families USA looked at the most recently available Medicaid enrollment and population data. We used these data to develop estimates of enrollment patterns today.[2] We found that more than 16 million seniors and people with disabilities—one out of every four—rely on Medicaid. These individuals—and their families—will be at risk of losing care that they depend on today if Congress enacts Medicaid cuts like those in many of the Medicaid cutback proposals now being discussed.

Key Findings

More than a quarter of all seniors and people with disabilities depend on Medicaid

- Among seniors, 15.4 percent depend on Medicaid. The share is even higher for people with disabilities: 44.6 percent depend on Medicaid. (Table 1)
- In seven states and the District of Columbia, more than one out of five seniors rely on Medicaid. Those states are Maine (27.8%), Mississippi (25.5%), California (23.6%), Vermont (22.9%), New York (21.8%), the District of Columbia (21.4%), Louisiana (20.8%), and Wisconsin (20.7%). (Table 1)

- In 10 states and the District of Columbia, more than half of all the people with disabilities rely on Medicaid. Those states are the District of Columbia (76.4%), Mississippi (60.0%), Pennsylvania (58.8%), West Virginia (57.4%), Rhode Island (57.3%), New York (56.9%), Tennessee (56.1%), Louisiana (54.4%), Maine (51.8%), California (50.6%), and Kentucky (50.5%). (Table 1)

More than 16 million seniors and people with disabilities depend on Medicaid

- Nationally, nearly 6.3 million seniors and more than 9.8 million people with disabilities depend on Medicaid. (Table 2)
- The five states with the largest number of seniors enrolled in Medicaid are California (1,008,400), New York (588,300), Texas (454,100), Florida (422,900), and Pennsylvania (247,000). (Table 2)
- The five states with the largest number of people with disabilities enrolled in Medicaid are California (1,077,400), New York (709,800), Texas (598,500), Pennsylvania (570,600), and Florida (524,500). (Table 2)

Medicaid is a critical source of coverage for people who need nursing home care

- Medicaid is the primary payer for an estimated 63.6 percent of all nursing home residents. In all states but one, Medicaid is the primary payer for more than 50 percent of nursing home residents. (Table 3)
- In seven states and the District of Columbia, Medicaid is the primary payer for more than 70 percent of all nursing home residents. Those states are the District of Columbia (80.1%), Mississippi (74.7%), Alaska (73.8%), Louisiana (73.0%), New York (72.3%), West Virginia (72.2%), Georgia (71.9%), and Hawaii (70.1%). (Table 3)

Medicaid services help seniors and people with disabilities remain living in the community

- Nearly 3 million seniors and people with disabilities (2.8 million) receive Medicaid services that allow them to remain living in their home or in the community and to avoid costly nursing home care. (Table 4)
- The top five states in the number of people receiving home- and community-based services through Medicaid are California (516,300), New York (277,300), Texas (254,200), Illinois (173,400), and North Carolina (115,100). (Table 4)

Table 1.

Percentage of Seniors and People with Disabilities Who Receive Health Coverage through Medicaid, 2010

State	Seniors	People with Disabilities	Total
Alabama	19.8%	44.8%	30.3%
Alaska	16.8%	29.8%	23.4%
Arizona	10.8%	34.7%	18.7%
Arkansas	16.2%	42.3%	27.3%
California	23.6%	50.6%	32.6%
Colorado	9.3%	28.8%	16.2%
Connecticut	13.9%	35.5%	20.4%
Delaware	11.4%	36.9%	20.1%
District of Columbia	21.4%	76.4%	43.6%
Florida	12.8%	42.8%	21.0%
Georgia	16.9%	40.2%	26.4%
Hawaii	12.5%	42.8%	20.1%
Idaho	9.0%	35.0%	18.8%
Illinois	14.1%	43.9%	23.4%
Indiana	10.2%	33.9%	19.0%
Iowa	9.8%	40.7%	19.2%
Kansas	9.9%	34.4%	18.6%
Kentucky	17.3%	50.5%	32.2%
Louisiana	20.8%	54.4%	34.9%
Maine	27.8%	51.8%	37.1%
Maryland	10.8%	41.3%	20.8%
Massachusetts	18.2%	*	*
Michigan	10.5%	40.6%	21.9%
Minnesota	14.4%	40.4%	22.6%
Mississippi	25.5%	60.0%	40.4%
Missouri	11.8%	38.1%	21.8%
Montana	7.6%	28.9%	14.9%
Nebraska	10.3%	34.2%	17.7%
Nevada	8.1%	25.6%	14.1%
New Hampshire	8.5%	29.5%	15.2%
New Jersey	12.9%	37.1%	19.9%
New Mexico	13.6%	39.2%	23.2%
New York	21.8%	56.9%	32.9%
North Carolina	15.8%	43.0%	26.1%
North Dakota	10.0%	29.2%	15.6%
Ohio	11.4%	41.7%	22.6%
Oklahoma	13.7%	31.9%	21.3%
Oregon	10.3%	30.5%	17.6%
Pennsylvania	12.3%	58.8%	27.5%
Rhode Island	16.7%	57.3%	30.4%
South Carolina	14.0%	43.0%	24.7%
South Dakota	11.0%	36.4%	18.5%
Tennessee	18.4%	56.1%	33.7%
Texas	17.4%	33.8%	24.0%
Utah	6.2%	25.3%	13.5%
Vermont	22.9%	44.8%	31.0%
Virginia	11.1%	34.6%	19.1%
Washington	11.2%	39.0%	21.6%
West Virginia	14.4%	57.4%	32.4%
Wisconsin	20.7%	43.9%	28.1%
Wyoming	8.5%	25.2%	15.0%
U.S. Total	**15.4%**	**44.6%**	**25.7%**

* Data for Massachusetts are not reportable because of inconsistencies in the 2007 Medicaid enrollment data for people with disabilities.

Table 2.

Number of Seniors and People with Disabilities Who Receive Health Coverage through Medicaid, 2010

State	Seniors	People with Disabilities	Total
Alabama	132,100	217,300	349,400
Alaska	9,000	16,600	25,600
Arizona	96,000	154,100	250,100
Arkansas	68,600	134,300	202,900
California	1,008,400	1,077,400	2,085,800
Colorado	51,100	85,700	136,800
Connecticut	69,600	76,200	145,800
Delaware	14,700	24,900	39,600
District of Columbia	15,500	37,100	52,600
Florida	422,900	524,500	947,400
Georgia	175,700	288,700	464,500
Hawaii	24,200	28,000	52,300
Idaho	17,200	40,100	57,300
Illinois	232,200	327,000	559,200
Indiana	86,900	169,400	256,300
Iowa	45,000	80,400	125,400
Kansas	37,600	71,600	109,200
Kentucky	101,500	240,800	342,300
Louisiana	118,800	222,300	341,100
Maine	58,700	68,700	127,400
Maryland	76,800	143,000	219,800
Massachusetts	167,200	*	*
Michigan	144,400	342,800	487,200
Minnesota	99,000	127,600	226,600
Mississippi	98,700	175,800	274,400
Missouri	99,600	198,300	297,900
Montana	11,100	21,900	33,000
Nebraska	25,600	38,200	63,800
Nevada	25,600	41,700	67,300
New Hampshire	15,600	25,700	41,300
New Jersey	154,800	181,600	336,300
New Mexico	37,100	63,800	100,900
New York	588,300	709,800	1,298,100
North Carolina	193,600	320,200	513,900
North Dakota	9,800	11,800	21,700
Ohio	188,200	400,300	588,600
Oklahoma	70,100	116,600	186,700
Oregon	54,500	91,800	146,400
Pennsylvania	247,000	570,600	817,600
Rhode Island	26,100	45,400	71,500
South Carolina	89,400	159,000	248,300
South Dakota	13,200	18,500	31,800
Tennessee	158,300	330,900	489,200
Texas	454,100	598,500	1,052,600
Utah	16,100	40,100	56,200
Vermont	21,100	24,000	45,100
Virginia	109,600	175,300	284,900
Washington	92,000	194,100	286,100
West Virginia	42,600	121,800	164,300
Wisconsin	162,300	159,400	321,700
Wyoming	5,800	10,900	16,800
U.S. Total**	**6,283,200**	**9,820,600**	**16,103,800**

* Data for Massachusetts are not reportable because of inconsistencies in the 2007 Medicaid enrollment data for people with disabilities.

** Numbers do not add due to rounding and because data on people with disabilities for Massachusetts are not reportable.

Table 3.

Nursing Home Residents Covered by Medicaid, 2010

State	Total Nursing Home Residents	Number Covered By Medicaid	Percentage Covered By Medicaid
Alabama	22,990	15,690	68.2%
Alaska	640	470	73.8%
Arizona	11,880	7,490	63.0%
Arkansas	17,840	12,070	67.7%
California	102,560	68,440	66.7%
Colorado	16,300	9,610	58.9%
Connecticut	25,960	17,400	67.0%
Delaware	4,150	2,400	57.8%
District of Columbia	2,600	2,080	80.1%
Florida	71,910	41,920	58.3%
Georgia	34,720	24,980	71.9%
Hawaii	3,880	2,720	70.1%
Idaho	4,390	2,690	61.3%
Illinois	75,240	47,670	63.4%
Indiana	39,190	24,200	61.8%
Iowa	25,470	12,050	47.3%
Kansas	19,060	10,150	53.2%
Kentucky	23,310	15,380	66.0%
Louisiana	25,190	18,400	73.0%
Maine	6,420	4,150	64.7%
Maryland	24,810	15,050	60.6%
Massachusetts	42,860	27,050	63.1%
Michigan	39,850	24,960	62.6%
Minnesota	29,460	16,400	55.7%
Mississippi	16,490	12,320	74.7%
Missouri	37,810	23,000	60.8%
Montana	4,920	2,800	57.0%
Nebraska	12,610	6,680	52.9%
Nevada	4,740	2,710	57.2%
New Hampshire	6,930	4,410	63.7%
New Jersey	45,900	28,510	62.1%
New Mexico	5,560	3,430	61.7%
New York	109,110	78,920	72.3%
North Carolina	37,190	24,750	66.6%
North Dakota	5,640	3,000	53.2%
Ohio	79,220	49,920	63.0%
Oklahoma	19,220	12,650	65.8%
Oregon	7,560	4,600	60.9%
Pennsylvania	80,990	50,390	62.2%
Rhode Island	8,040	5,170	64.3%
South Carolina	17,130	10,780	62.9%
South Dakota	6,490	3,630	55.9%
Tennessee	32,100	20,200	62.9%
Texas	90,820	57,330	63.1%
Utah	5,360	2,850	53.1%
Vermont	2,930	1,880	64.0%
Virginia	28,310	17,280	61.0%
Washington	18,060	10,900	60.4%
West Virginia	9,560	6,900	72.2%
Wisconsin	30,650	18,310	59.7%
Wyoming	2,430	1,480	60.8%
U.S. Total*	**1,396,450**	**888,220**	**63.6%**

Source: American Health Care Association, *LTC Stats: Nursing Facility Patient Characteristics Report*, *December 2010 Update* (Washington: AHCA, December 2010).

* Numbers do not add due to rounding.

Table 4.

Seniors and People with Disabilities Receiving Medicaid Home- and Community-Based Services, 2007*

State	Number	State	Number
Alabama	21,300	Montana	7,800
Alaska	8,200	Nebraska	19,000
Arizona	33,900	Nevada	11,800
Arkansas	32,900	New Hampshire	8,600
California	516,300	New Jersey	55,400
Colorado	38,600	New Mexico	20,200
Connecticut	28,300	New York	277,300
Delaware	4,300	North Carolina	115,100
District of Columbia	9,000	North Dakota	6,500
Florida	100,600	Ohio	89,800
Georgia	30,600	Oklahoma	36,000
Hawaii	6,600	Oregon	44,400
Idaho	17,700	Pennsylvania	77,100
Illinois	173,400	Rhode Island	8,300
Indiana	24,500	South Carolina	29,500
Iowa	38,500	South Dakota	10,100
Kansas	30,800	Tennessee	21,000
Kentucky	33,100	Texas	254,200
Louisiana	31,000	Utah	9,500
Maine	16,000	Vermont	6,100
Maryland	25,200	Virginia	25,400
Massachusetts	53,300	Washington	69,800
Michigan	81,400	West Virginia	16,300
Minnesota	69,600	Wisconsin	60,600
Mississippi	22,500	Wyoming	4,600
Missouri	83,100	**U.S. Total****	**2,815,300**

Source: Kaiser Commission on Medicaid and the Uninsured, *Medicaid Home- and Community-Based Services Programs: Data Update* (Washington: Kaiser Family Foundation, February 2011).

* 2007 is the most recent year for which Medicaid home- and community-based services (HCBS) participant data are available. Medicaid HCBS data cannot be trended forward reliably due to frequent state-level policy changes in the delivery of these services over the last decade. Total Medicaid HCBS enrollment includes those receiving home health, personal care, and 1915(c) HCBS waiver services.

** Numbers do not add due to rounding.

Discussion

Without question, Medicaid is a critical source of health care coverage for millions of seniors and people with disabilities. It is particularly vital to those who need nursing home and other long-term care. Yet today, Medicaid is threatened with cuts so severe that they could cripple the program and place America's seniors and people with disabilities at risk. That is because many of the deficit reduction proposals being considered by Congress slash federal Medicaid spending either directly or indirectly, through global federal spending caps or other mechanisms that would, in effect, have the same result: Federal funding would be reduced to the point that Medicaid's role as a reliable health care safety net would be severely compromised.

The Threat to Medicaid

Some deficit reduction packages being proposed explicitly cut federal support for Medicaid. The budget proposal recently adopted by House Republicans, originally introduced by Representative Paul Ryan (R-WI), would cut federal Medicaid funding by one-third by 2021.[3] Additionally, that proposal would turn Medicaid into a block grant. Today, the federal contribution to a state's Medicaid program is tied to the amount the state spends, which rises and falls as circumstances change. Under a block grant, by contrast, the federal government would provide a fixed amount of funds. That amount would not increase if a state's Medicaid costs unexpectedly rose, as in response to a natural disaster, epidemic, or economic downturn.

Transforming Medicaid into a block grant, and coupling that change with drastic federal funding cuts, would indeed reduce *federal* spending, but it would do nothing to rein in health care costs or reduce the total tab for services provided to the people enrolled in Medicaid. The proposed cuts are so large that states—already struggling to balance their own budgets—would not realistically be able to make up that lost funding. They would have little choice but to dramatically cut Medicaid program benefits, eligibility, or both.

Other deficit reduction proposals, such as a proposal to impose enforceable global caps on federal spending, may not mention Medicaid specifically. Yet in many, the proposed reductions in federal spending are so large that there is no possibility that they could be achieved without drastic Medicaid cuts. For example, a recent analysis of one of the proposals, the CAP Act of 2011 (S. 245), sponsored by Senators Bob Corker (R-TN) and Claire McCaskill (D-MO), found that its automatic spending reduction provision would result in a $547 billion cut in federal Medicaid spending from 2013 through 2021.[4]

The only way to enforce cuts of that magnitude and predictably keep program costs under the new cap is, again, to cut the ties to state spending levels and instead transform Medicaid into a block grant. As with the House Republican budget proposal, states would receive much less support than they do today. They would have to either a) make up the loss somehow through new taxes, which they are unlikely to be able to do, or b) cut benefits, eligibility, or both.

The latest Medicaid cutback proposal would explicitly enable states to make large reductions in program eligibility and enrollment. This proposal is likely to be considered very soon in both the House of Representatives and the Senate.

Under approaches that radically cut Medicaid or impose severe federal spending reductions, Medicaid funding for long-term care is in jeopardy. Long-term care constitutes about a third of Medicaid spending; with huge cuts in federal support for the program, states would undoubtedly need to make cuts to Medicaid's long-term care coverage.[5] Those cuts would not only affect seniors and people with disabilities in Medicaid, but they would also have a ripple effect that would extend much further.

Medicaid is critical for seniors and people with disabilities who need long-term care

Medicaid matters not just to those enrolled in Medicaid today, who would be immediately affected by cuts, but to everyone who might need long-term care now or in the future. Very few people have insurance that covers the cost of long-term care. Medicare does not cover most costs, long-term care insurance is rarely offered through job-based health insurance, and coverage purchased in the private market is very limited and expensive.[6] Yet the costs of care can be devastating. In 2010, the national average cost of a semi-private room in a nursing facility was $74,800 a year.[7] In some states, costs are much higher (see Table 5 on page 9). Home care can also be very expensive. On average, home health aides cost $21 an hour.[8]

Many individuals who have to pay out of pocket for long-term care exhaust their resources to the point that they qualify for Medicaid. That is why Medicaid ultimately ends up covering such a large percentage of nursing home residents. Costs of care are so high that anyone who needs long-term care could find that he or she has to rely on Medicaid at some point. Deep cuts in Medicaid, however, could rob them of that needed help.

Table 5.

Average Annual Cost of Nursing Home Care for a Semi-Private Room, 2010

State	Cost	State	Cost
Alabama	$60,600	Montana	$61,000
Alaska	$222,700	Nebraska	$56,900
Arizona	$64,600	Nevada	$72,600
Arkansas	$48,900	New Hampshire	$96,700
California	$82,900	New Jersey	$101,100
Colorado	$72,300	New Mexico	$67,200
Connecticut	$125,900	New York	$122,600
Delaware	$86,900	North Carolina	$66,400
District of Columbia	$99,300	North Dakota	$54,400
Florida	$79,600	Ohio	$70,800
Georgia	$59,900	Oklahoma	$51,500
Hawaii	$120,800	Oregon	$81,000
Idaho	$75,600	Pennsylvania	$90,500
Illinois	$61,000	Rhode Island	$91,300
Indiana	$63,100	South Carolina	$63,100
Iowa	$52,900	South Dakota	$61,000
Kansas	$52,600	Tennessee	$62,400
Kentucky	$66,100	Texas	$49,300
Louisiana	$47,800	Utah	$56,900
Maine	$89,800	Vermont	$88,700
Maryland	$85,800	Virginia	$69,700
Massachusetts	$113,200	Washington	$84,300
Michigan	$75,900	West Virginia	$76,300
Minnesota	$48,900	Wisconsin	$81,400
Mississippi	$67,500	Wyoming	$67,200
Missouri	$51,100	**U.S. Average**	**$74,800**

Source: MetLife Mature Market Institute, *The 2010 MetLife Market Survey of Nursing Home, Assisted Living, Adult Day Services, and Home Care Costs* (New York: MetLife Mature Market Institute, October 2010).

Medicaid helps seniors and people with disabilities stay in their homes and communities longer

Medicaid doesn't just pay for long-term care in nursing facilities. Nationally, about 43 percent of Medicaid spending on long-term care covers care that is provided to people in their homes or in the community.[9] Medicaid's home- and community-based care helps more than 2.8 million people stay out of nursing homes (see Table 4 on page 6).

When states cut Medicaid long-term care spending, they often target home- and community-based services. For example, they might cut the number of hours of home care that people in Medicaid can receive or reduce or eliminate support services like transportation. Those services are less costly per person than nursing facilities and can actually reduce people's need for nursing home care.[10] Home- and community-based services in Medicaid cost, on average, substantially less per person than institutional care.[11]

Cutting home- and community-based long-term care would mean that more Americans would have to turn to institutional care—care that would ultimately be paid for by Medicaid. That's a bad choice for seniors and people with disabilities and a choice that would cost more in the long run.

Medicaid helps build a long-term care workforce

There is a nationwide shortage of direct care workers. These are the home health aides, nursing aides, and attendants who work in nursing facilities and who provide services that allow people who need long-term care to keep living in the community. To meet the demand for services, we will need to increase this workforce by more than one-third (or more than 1 million new direct care workers) by 2016 (see Table 6 on page 11). The need for workers will only increase as the population ages—the population over 65 is projected to grow by 36 percent from 2010 to 2020 and by 79 percent between 2010 and 2030.[12]

Because Medicaid is such a critical payer for long-term care services, large cuts to the program will undoubtedly affect the availability of long-term care workers. In response to large cuts to federal Medicaid funding, states are likely not only to reduce program eligibility and services, but also to reduce payments to providers. Payment reductions could seriously hamper efforts to build up the direct care workforce.

Low pay and poor benefits for direct care workers are already major impediments to expanding that workforce.[13] Reductions in Medicaid payment rates would ultimately mean less compensation for direct care workers, further exacerbating the workforce shortage. This will lead to a reduction in the quality and availability of care for everyone needing long-term care, whether in a nursing home or in the community, and whether paid for by Medicaid or not.

Table 6.

Growth Needed in the Direct Care Workforce, 2006 to 2016*

State	Number of Direct Care Workers in 2006	Number of Direct Care Workers Needed by 2016	Percent Change, 2006-2016
Alabama	34,300	44,400	29.3%
Alaska	6,100	8,300	35.1%
Arizona	48,000	65,400	36.3%
Arkansas	28,200	35,500	25.9%
California	432,600	550,000	27.1%
Colorado	30,100	38,600	28.3%
Connecticut	41,600	49,300	18.6%
Delaware	7,400	9,100	23.6%
District of Columbia	5,600	6,700	19.2%
Florida	138,000	168,600	22.1%
Georgia	59,400	78,300	31.7%
Hawaii	10,500	13,600	28.7%
Idaho	12,700	17,900	40.5%
Illinois	106,300	137,400	29.3%
Indiana	54,000	68,900	27.6%
Iowa	37,500	47,500	26.7%
Kansas	39,000	49,400	26.6%
Kentucky	33,800	42,400	25.6%
Louisiana	44,400	63,900	43.8%
Maine	21,200	24,700	16.6%
Maryland	45,800	61,500	34.1%
Massachusetts	70,100	85,600	22.0%
Michigan	98,800	119,400	20.8%
Minnesota	83,800	116,700	39.3%
Mississippi	28,000	35,300	26.3%
Missouri	69,900	82,100	17.5%
Montana	10,800	13,900	28.7%
Nebraska	16,500	20,500	23.8%
Nevada	11,200	16,000	42.5%
New Hampshire	12,700	17,500	38.5%
New Jersey	77,800	97,500	25.4%
New Mexico	24,700	35,500	43.8%
New York	317,200	407,700	28.5%
North Carolina	112,300	160,600	43.1%
North Dakota	14,100	16,000	13.9%
Ohio	138,500	177,700	28.3%
Oklahoma	39,000	49,300	26.4%
Oregon	26,900	34,500	28.4%
Pennsylvania	157,600	197,500	25.3%
Rhode Island	14,600	18,600	27.3%
South Carolina	34,600	41,200	18.9%
South Dakota	8,700	10,500	21.4%
Tennessee	55,600	71,900	29.2%
Texas	278,500	404,600	45.3%
Utah	14,800	22,000	48.6%
Vermont	10,700	15,500	44.5%
Virginia	55,100	80,800	46.7%
Washington	59,300	71,100	19.9%
West Virginia	21,500	26,400	22.6%
Wisconsin	75,300	95,300	26.5%
Wyoming	5,100	6,600	30.1%
U.S. Total**	**3,001,800**	**4,037,600**	**34.5%**

Source: PHI, PolicyWorks, *State-By-State Projected Demand for New Direct-Care Workers, 2006-16* (Washington: PHI, December 2009). (See table notes on next page.)

Notes to Table 6

* **Note:** State data from PHI analysis of 2006-16 occupational employment projections available from each state labor department. U.S. total from the U.S. Department of Labor, Bureau of Labor Statistics, Employment Projections Program, 2006-16 National Employment Matrix. Direct care workers include home health aides; nursing aides, orderlies, and attendants; and personal and home care aides. Data for Colorado and Nebraska do not include home health aides. Data for Colorado are estimates for 2008 and projections for 2018. Data for Kansas are estimates for 2004 and projections for 2014. Data for Washington are estimates for 2007 and projections for 2017.

** State numbers do not add to the national total.

Medicaid helps families of those who need long-term care

Medicaid helps more than those who need care. It provides financial protection to the spouses of people in nursing homes, and it provides support to family members and others who are caring for a loved one. The program cuts being proposed could jeopardize this support.

Today, in every state, the spouse of someone in a nursing home is allowed to keep a certain amount of income and assets without affecting the Medicaid eligibility of the spouse receiving care. This is a federal requirement that is designed to ensure that both individuals in a couple do not have to become impoverished because of nursing home costs for one spouse.[14] Cuts to Medicaid of the level discussed could mean that many states would reduce the financial protections that they now offer to spouses of nursing home residents. If Medicaid were turned into a block grant with few program requirements, states could do away with this protection entirely.

Medicaid also helps many of the 52 million informal caregivers across the United States (see Table 7 on page 13).[15] These are spouses, children, parents, siblings, and others who are caring for a relative or loved one. Many are caring for someone who receives Medicaid. The services that Medicaid provides allow these informal caregivers to maintain their jobs, take care of their families, or simply rest when they need to, thus helping to reduce the significant financial, emotional, and health strains of caregiving. Caregiving responsibilities are associated with increased hospitalizations,[16] depression,[17] overall poor health,[18] and higher mortality risks.[19] The burdens of caregiving also have an economic impact on caregivers. About one-third of family caregivers reduce their work hours, one-third cut back on household spending, and one-quarter postpone personal medical care because of caregiving responsibilities.[20]

Many state Medicaid programs provide services that help alleviate the burden on family and other informal caregivers. These include adult day services, respite care, and the support of home health aides and attendants. For example, most Medicaid programs cover adult day services.[21] Caregivers that have access to adult day services report having lower levels of stress and depression.[22] Many states also provide respite care so that caregivers can take a break.

With deep Medicaid cuts, these supports for caregivers could be greatly diminished or eliminated entirely.

Table 7.

Informal Caregivers, 2007*

State	Number	State	Number
Alabama	860,000	Montana	167,000
Alaska	117,000	Nebraska	270,000
Arizona	920,000	Nevada	430,000
Arkansas	550,000	New Hampshire	220,000
California	6,100,000	New Jersey	1,470,000
Colorado	840,000	New Mexico	320,000
Connecticut	560,000	New York	3,300,000
Delaware	158,000	North Carolina	1,690,000
District of Columbia	87,000	North Dakota	83,000
Florida	2,700,000	Ohio	1,990,000
Georgia	2,000,000	Oklahoma	570,000
Hawaii	169,000	Oregon	620,000
Idaho	250,000	Pennsylvania	2,100,000
Illinois	2,300,000	Rhode Island	171,000
Indiana	1,100,000	South Carolina	880,000
Iowa	450,000	South Dakota	130,000
Kansas	410,000	Tennessee	1,180,000
Kentucky	800,000	Texas	4,200,000
Louisiana	850,000	Utah	520,000
Maine	230,000	Vermont	83,000
Maryland	920,000	Virginia	1,390,000
Massachusetts	1,040,000	Washington	970,000
Michigan	1,940,000	West Virginia	420,000
Minnesota	900,000	Wisconsin	890,000
Mississippi	690,000	Wyoming	84,000
Missouri	890,000	**U.S. Total****	**52,000,000**

Source: Ari Houser and Mary Jo Gibson, *Valuing the Invaluable: The Economic Value of Family Caregiving, 2008 Update* (Washington: AARP Public Policy Institute, November 2008).

* The estimated number of informal caregivers is based on the number of informal caregivers over the course of a year.

** Numbers do not add due to rounding.

Medicaid helps businesses and state economies

Medicaid is essential for seniors and people with disabilities who need long-term care. It helps build a long-term care system for everyone who needs that level of care. It provides support to family and other caregivers. It also helps businesses.

Clearly, Medicaid helps nursing homes. As the major payer for long-term care, Medicaid is essential to the approximately 16,000 nursing homes and 17,000 home care organizations across the country.[23] But it helps businesses more broadly, as well. Nationally, businesses lose an estimated $33 billion annually due to worker absenteeism, reduced work hours, and hiring replacement costs associated with employee caregiving responsibilities.[24] By helping caregivers and by giving them the support they need so that they can remain in the workforce, Medicaid helps lower costs for businesses. And helping businesses helps state economies.

Medicaid has broad public support

Polls show strong public support for the Medicaid program and opposition to program cuts.[25] Support for the long-term care that Medicaid pays for, particularly home- and community-based services, is also very high.[26] Seniors and people with disabilities would far prefer living in the community to living in an institution, and the home- and community-based programs in Medicaid make that possibility a reality for millions.

One of the reasons that Medicaid support is high is that the program touches so many, as the Key Findings in this report show. In a recent poll, 59 percent of Americans said that Medicaid was either very important or somewhat important to them or someone in their families.[27] It is important to many more Americans than many policy makers appreciate.

Conclusion

As a nation, we need to reduce the deficit over the long term, and reducing health care costs is an important part of that. However, that needs to be done in a thoughtful, rational, sustainable way that addresses underlying health care costs, rather than taking an approach that just shifts health care costs onto states, seniors and people with disabilities, and America's families. Unfortunately, many of the proposals on the table today take the latter approach and do so in a way that would radically erode Medicaid's safety net. That would hurt millions of seniors, people with disabilities, their families, and businesses, and it would damage the long-term care infrastructure for anyone needing that level of care.

For more than 16 million low-income seniors and people with disabilities, Medicaid is critical right now. The long-term care coverage that Medicaid provides is the only avenue they have for getting the long-term care they need. And, for more than 2.8 million of them, Medicaid makes the difference between living in the community and living in an institution.

Rather than trying to reduce the deficit by gutting the program people rely on, a better approach would be to undertake policy changes to rein in health care spending. The Affordable Care Act lays the foundation for that with programs that explore ways to pay providers for results, to better manage long-term chronic care, and to make Medicare and Medicaid work better together. Instead of taking an ax to the health care programs that millions depend on, effective implementation of the Affordable Care Act is a better solution for seniors, people with disabilities, their families, and all the rest of us.

Endnotes

[1] National Clearinghouse for Long-Term Care Information, *National Spending on Long-Term Care* (Washington: Department of Health and Human Services, May 2010). Data are for 2005.

[2] Kaiser Family Foundation, statehealthfacts.org, *Distribution of Medicaid Enrollees by Enrollment Group, FY 2007*, as trended forward to 2010 by Families USA to estimate the number of seniors and people with disabilities, by state, in the Medicaid program today and the number relying on Medicaid to pay for long-term care services. These are the individuals who today would be at risk of losing coverage and access to long-term care if there were deep cuts in federal Medicaid spending. Methodology available upon request.

[3] Families USA, *House Republicans Propose to Slash Funding for Medicaid, Medicare, and Other Health Coverage Programs* (Washington: Families USA, April 2011), available online at http://www.familiesusa.org/budget-battle/House-Republicans-Slash-Health-Coverage-Funding.pdf.

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[5] Kaiser Family Foundation, statehealthfacts.org, *Distribution of Medicaid Spending by Service, FY 2009*, available online at http://www.statehealthfacts.org/comparetable.jsp?ind=178&cat=4, accessed on April 28, 2011.

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[8] Ibid.

[9] Kaiser Family Foundation, statehealthfacts.org, *Distribution of Medicaid Spending on Long-Term Care, FY 2009*, available online at http://www.statehealthfacts.org/comparetable.jsp?ind=180&cat=4, accessed on April 28, 2011.

[10] Julie F. Sergeant, David J. Ekerdt, and Rosemary K. Chapin, "Older Adults' Expectations to Move: Do They Predict Actual Community-Based or Nursing Facility Moves Within Two Years?" *Aging Health* 22, no. 7 (May 2010): 1,029-1,053.

[11] Martin Kitchener et al., "Institutional and Community-Based Long-Term Care: A Comparative Estimate of Public Costs," *Journal of Health and Social Policy* 22, no. 2 (2006): 31-50. This study compared per-person annual costs for home- and community-based care provided through a Medicaid 1915(c) waiver and nursing facility care in Medicaid in 2002. It found that home- and community-based care cost, on average, nearly $44,000 less.

[12] U.S. Census Bureau, *U.S. Population Projections, National Population Projections, Projection of the Population by Selected Age Groups and Sex for the United States: 2010 to 2050*, available online at http://www.census.gov/population/www/projections/summarytables.html. Families USA calculated the percent change in the 65-and-over population from 2010 to 2020 and from 2010 to 2030.

[13] National Center for Health Workforce Analyses, Bureau of Health Professions, Health Resources and Services Administration, *Nursing Aide, Home Health Aides, Related Health Care Occupations—National and Local Workforce Shortages and Associated Data Needs* (Washington: U.S. Department of Health and Human Services, February 2004, available online at http://bhpr.hrsa.gov/healthworkforce/reports/rnhomeaids.pdf.

[14] The Affordable Care Act expands this financial protection requirement to include the cost of home- and community-based care in 2014. Today, states have the option of extending spousal financial impoverishment protections to people receiving home- and community-based care, but they are not required to do so.

[15] Ari Houser et al., *Valuing the Invaluable: The Economic Value of Family Caregiving, 2008 Update* (Washington: AARP Public Policy Institute, 2008). 34 million Americans are serving as caregivers at any point in time. During the course of a year, an estimated 52 million have caregiving responsibilities.

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[18] Center on an Aging Society, *How Do Family Caregivers Fare? A Closer Look at Their Experiences* (Washington: Georgetown University, June 2005), available online at http://ihcrp.georgetown.edu/agingsociety/pdfs/CAREGIVERS3.pdf.

[19] Masafumi Kuzuya, op cit.

[20] Ari Houser, op cit.

[21] Kristin Siebenaler et al., *Regulatory Review of Adult Day Services: A Final Report* (Washington: Department of Health and Human Services, August 2005), available online at http://aspe.hhs.gov/daltcp/reports/adultday.htm. Nearly all states offer some adult day services in their Medicaid program.

[22] Steven H. Zarit, op. cit.

[23] Data on nursing homes are from the Centers for Disease Control, National Center for Health Statistics, data from the National Nursing Home Survey, *Table 1. Number and percent distribution of nursing homes by selected facility characteristics, according to number of beds, beds per nursing home, current residents, and occupancy rate: United States, 2004*, available online at http://www.cdc.gov/nchs/data/nnhsd/nursinghomefacilities2006.pdf. Data on home health providers are from the National Association for Home Care and Hospice, *Basic Statistics About Home Care, Updated 2008*, available online at http://www.nahc.org/facts/08HC_stats.pdf. Home care organizations include home health care agencies, home care aide organizations, and hospices.

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[27] Kaiser Family Foundation and Harvard School of Public Health, op. cit.

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