Medicaid Caps Will Harm People Needing Long-Term Care

Medicaid Coverage of Long-Term Care and Importance to Consumers Receiving Services

Long-term care (also called long-term services and support or LTSS) is care for people living in nursing homes, assisted living and at home. Among people age 65 and over, about 70 percent will need long-term services and supports (LTSS) in their lifetime. Medicaid is the primary source of payment for long-term care in this country, spending $158 billion on all LTSS, with $55 billion spent specifically on nursing home care.

It pays for more than half of all long-term care in the United States,[1] and nearly 50% of all nursing home costs.[2] In fact, Medicaid is the only way most people can afford long-term care since these services, particularly nursing home care, are extremely expensive. In 2016, the annual cost of a shared room in a nursing home was $82,125.

Proposed changes to Medicaid

Congress has proposed structurally changing the Medicaid program by converting it to a capped system, or per capita caps. Under a per capita cap system, states would receive a fixed dollar amount for each Medicaid beneficiary from the federal government. This fixed amount of money is not adjusted for changes, such as economic recession or health care inflation. Over time, this would translate into drastically less money for services.

How Per Capita Caps Would Harm Long-Term Care Consumers

Because per capita caps are being proposed as a means of saving money for the federal government, they will amount to cuts in Medicaid for the States. The consequences could be disastrous to long-term care consumers.

Services/coverage would be drastically reduced or eliminated.

- Fewer people would receive services, resulting in unmet needs, waiting lists for nursing home admission, and waiting lists for home and community based services (HCBS) that are even longer than they are today.

- The number of hours of service a current HCBS consumer receives could be cut. This means an individual might be provided with far fewer hours of assistance from an aide or attendant, leaving them without someone to help them bathe, get in and out of bed or chairs, or prepare and assist with meals.

- States are likely to eliminate coverage they are not required by the federal government to furnish. This includes nursing home bed hold coverage for hospitalization and therapeutic leave, and other services such as dental service, optometry services, case management services, hospice care, physical therapy and respiratory services for ventilator-dependent persons.

[1] See "Medicaid and Long-Term Services and Supports: A Primer" at http://kff.org/medicaid/report/medicaid-and-long-term-services-and-supports-a-primer/.
[2] See "Selected Long-Term Care Statistics" at https://www.caregiver.org/selected-long-term-care-statistics

Eligibility standards would be tightened.

- To qualify for Medicaid coverage of nursing home care or HCBS, an individual must require a certain level of care (usually determined by the number of activities of daily living - ADLs - needed). This level is determined by states. To save money, states would almost certainly increase the number of ADLs necessary to be eligible for long-term care services. The impact could be catastrophic: residents who do not meet the revised level of care could be forced out of their nursing homes and people at home who need nursing home care would have to wait until they were even more impaired and dependent to be admitted to a nursing home or receive home care services.

The personal needs allowance for nursing home residents could be reduced.

- The personal needs allowance could be slashed to the federally required minimum of $30 per month. The personal needs allowance is the amount of income a Medicaid beneficiary can keep for personal needs, including clothing, haircuts, telephone, newspapers, entertainment, and any other item not provided by the long-term care facility. All of their monthly income, except this small PNA, goes towards the cost of their care. Reducing this amount would affect residents in approximately 46 states.

The measures listed above would place an enormous financial burden on older adults, persons with disabilities and their families, especially for those who have already spent down their assets and resources to qualify for Medicaid. Many consumers would have to do without care entirely, or their family members would be forced to choose between saving for their children's college tuition, saving for their own retirement or helping their loved one.

Nursing home quality of care would decline.

- Nursing homes would cut staff. Nursing homes would receive a lower Medicaid reimbursement rate and in turn, further decease their staffing levels. Lack of inadequate numbers of nurse and nurse aides is already the number one problem voiced by residents and their families.

- Oversight and quality assurance could be weakened. Medicaid helps pay for facility inspections (surveys) and enforcement of nursing home regulations. Less money would mean fewer and less trained surveyors, greater workloads, and delays in complaint investigations. Problems in nursing homes would go undetected and unaddressed.

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The National Consumer Voice for Quality Long-Term Care was founded in 1975 to advocate for quality care and quality of life for consumers in all long-term care settings.