



Accessing Long-Term Care Coverage Through Medicaid: The Safety Net for Seniors Facing Unmanageable Costs

Member Webinar

| October 21, 2020



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Retirement Security

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Agenda

- Logistics and Introductions
- Research Review
- Q&A

ACCESSING LONG-TERM CARE COVERAGE THROUGH MEDICAID

THE SAFETY NET FOR
SENIORS FACING
UNMANAGEABLE COSTS



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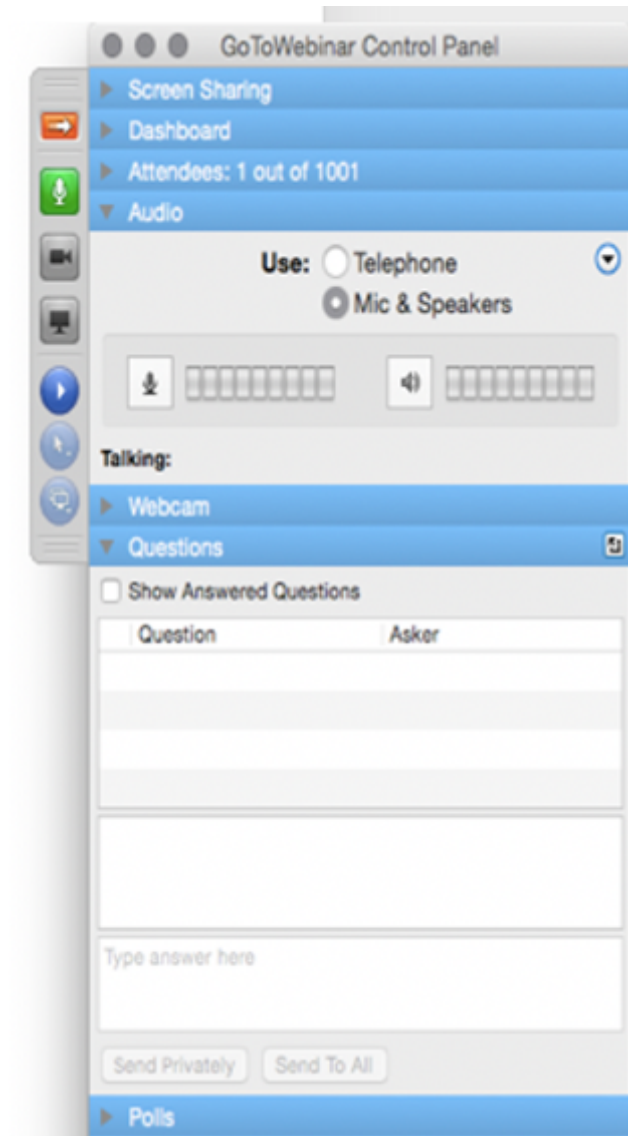
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By Izidora Skracic, Tyler Bond, and
Dan Doonan

October 2020

Logistics

- Attendees in listen only mode.
- Questions welcome. Type question using “Question” function on control panel, and we will answer.
- Audio, technical issues during webinar, call GoToWebinar at 1-800-263-6317.
- Webinar replay and slides will be posted at www.nirsonline.org/medicaidreport.



Speakers



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Why This Report

- The need for long-term care among older Americans is growing as more Baby Boomers enter retirement; however, long-term care can be prohibitively expensive depending on the type and length of care.
- The private long-term care insurance market has shrunk significantly, and families often are unable to afford long-term care coverage on their own.
- Medicaid is the largest payer of long-term care costs in the nation, but the rules for how to access long-term care coverage through Medicaid are complex and vary from state to state.

Key Findings

- **Long-term care (LTC) comprises a broad range of paid and unpaid care assistance that people need when experiencing difficulties completing self-care tasks.** The data show that 69 percent of seniors will require some type of long-term care.
- **Even as the country's primary payer of long-term services and supports (LTSS), Medicaid LTSS coverage has restrictive eligibility rules, is highly variable by state, and is unfamiliar to the general public.** The rising costs associated with Medicaid LTSS coverage have placed enormous pressure on state legislatures to seek ways to contain Medicaid costs.
- **Because of a lack of alternative and feasible ways to finance the cost of their long-term care needs, many middle-class seniors find themselves forced to spend down,** i.e., reduce their net worth, so they are eligible for Medicaid.
- **Medicaid LTSS coverage favors institutional nursing facility care over home or community-based care.** This occurs even though home or community-based care costs less on an individual basis, may delay the need for institutional-level care, and is largely preferred by beneficiaries and their families.

Growing Burden of Long-Term Care Costs

- **Long-term care can refer to a wide range of services, including but not limited to nursing home care.** The costs of these different services also vary greatly.
- **We expect longevity to continue increasing, causing more older Americans to need long-term care.** And, we expect the costs of those services to continue rising.
- **The Greying of America will also continue:** By 2034, the number of adults aged 65 and over will outnumber children. By 2060, older adults will represent 23.4 percent of the U.S. population, while children will represent 19.8 percent.
- **There are tremendous disparities in long-term care costs among retirees today.** The median number of nights spent in a nursing home is just ten, while the average is 272 nights.
- **10 percent of retirees will spend three years in a nursing home with costs exceeding \$300,000.** This far exceeds the median account balance of individuals ages 55-64, which is \$88,000.

Variance in Long-Term Care Costs for Retirees

Figure 10

● None ● \$1-\$49,999 ● \$50,000-\$249,999 ● >\$250,000



There Are Many Types of Long-Term Care

Table 1: Types of LTSS Settings

	Facility-Based Care	Home and Community Based Care (HCBS)
LTSS services	Medical and personal services to help with daily living tasks	
Living arrangement	In a facility designed to provide LTSS to patients who live there	In their own home, or with a family member
Location of services	Most services provided onsite	Caregivers visit the home, OR senior visits providers in the community
Level of autonomy	Low	High
Level of isolation from the community	High	Low
	Nursing Facility (Medicaid designation)	HCBS (Medicaid designation)
Live in a facility	Nursing home	Assisted living facility, adult family homes (e.g. adult foster care)
Live in the home community	Nursing home	Integrated LTSS care, usually at home (e.g. PACE program)

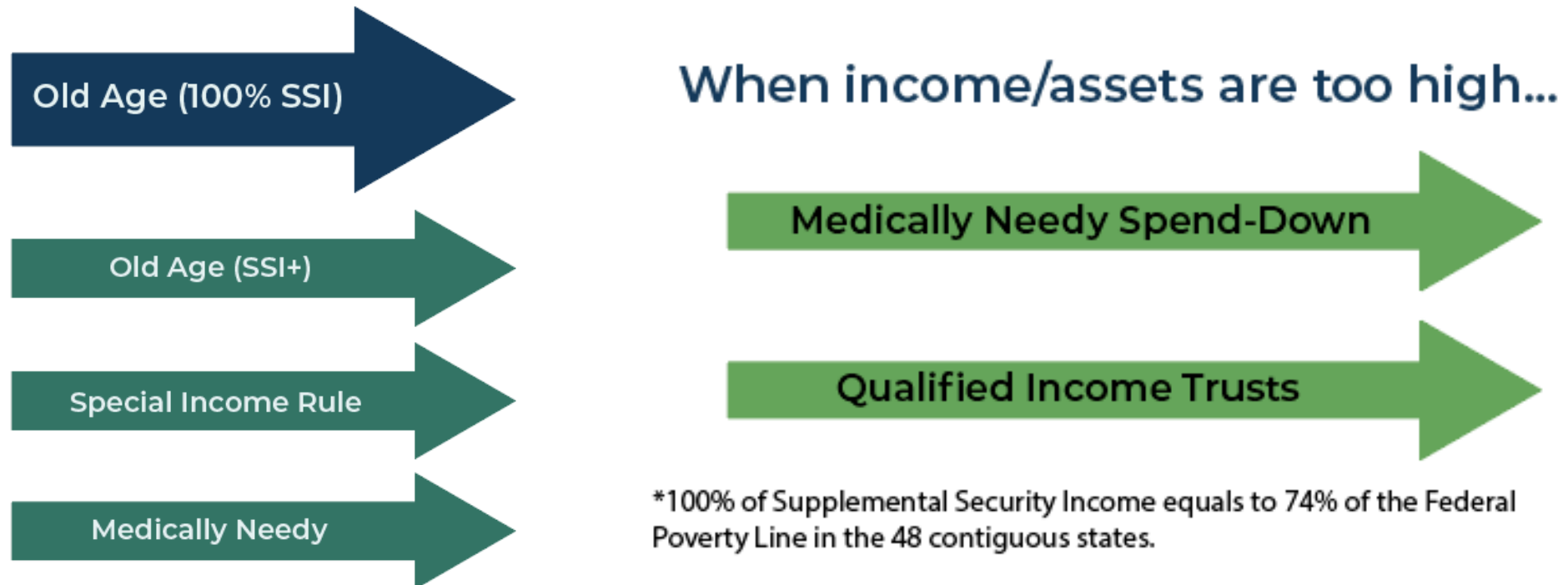
Medicaid's Role in Long-Term Care

- The federal government and states spent approximately \$167 billion on Medicaid long-term services and supports (LTSS) in federal fiscal year (FY) 2016.
- Home and community-based services (HCBS) have accounted for almost all Medicaid LTSS growth in recent years. HCBS was 57 percent of total Medicaid LTSS in FY 2016 (\$94 billion).
- However, HCBS was only 45 percent of spending for older adults.
- Total Medicaid LTSS spending on older adults was \$104 billion.



Medicaid Has Various Pathways to LTC Coverage

Figure 1: Different pathways to Medicaid



Some States Have More Generous Eligibility Criteria Than the Required Minimum

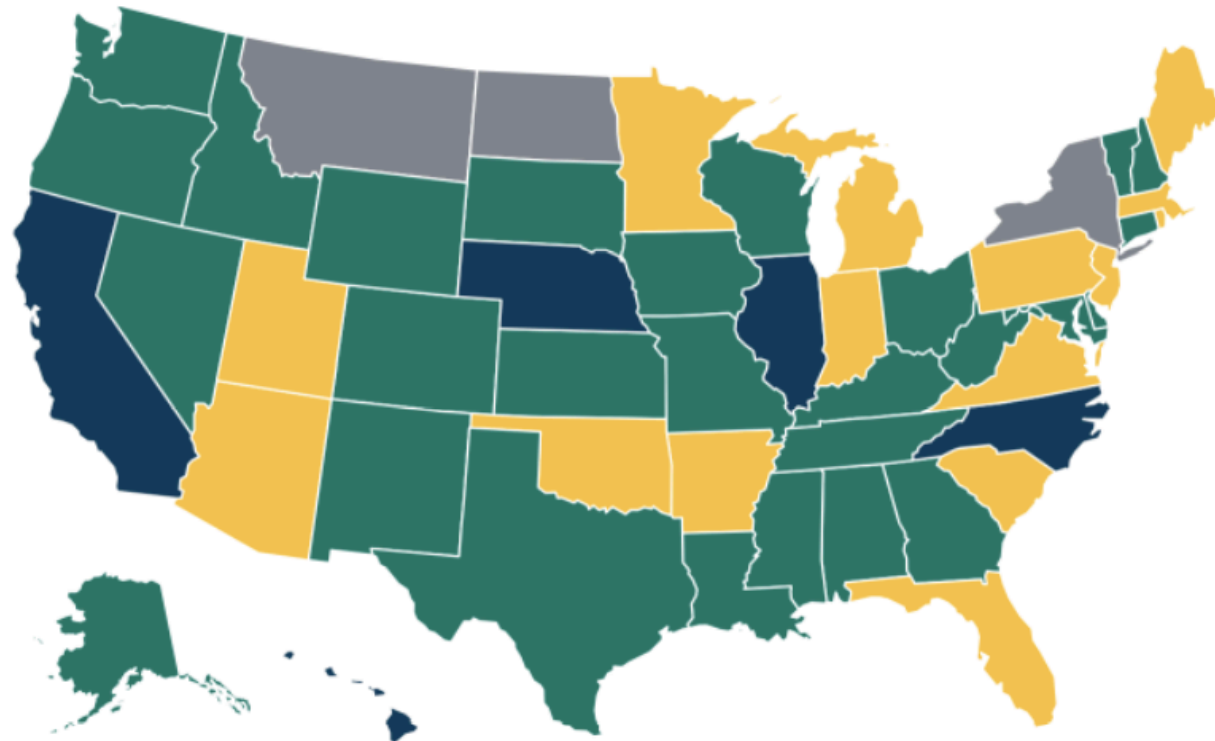
Table 2: Eligibility Criteria for Medicaid LTSS Based on the Percentage of the Federal Poverty Line for Individual Income

State/Territory	% of FPL for Individual	State/Territory	% of FPL for Individual
Arizona	100%	Minnesota*	100%
Arkansas	80%	Missouri*	87%
California	100%	Nebraska	100%
Connecticut*	63%	New Jersey	100%
District of Columbia	100%	New York	83%
Florida	88%	North Carolina	100%
Hawaii*	100% Hawaiian poverty line	Oklahoma	100%
Idaho	80%	Pennsylvania	100%
Illinois*	100%	Rhode Island	100%
Indiana	100%	South Carolina	100%
Maine	100%	Utah	100%
Massachusetts	100%	Virginia*	81%
Michigan	100%	Wisconsin	83%
		<i>All Other States</i>	74%

States Offer a Mix of Pathways to Accessing Care

Figure 2: Optional pathways with higher thresholds than the mandatory pathway, by state

■ FPL+ ■ Special Income Rule ■ Both ■ None

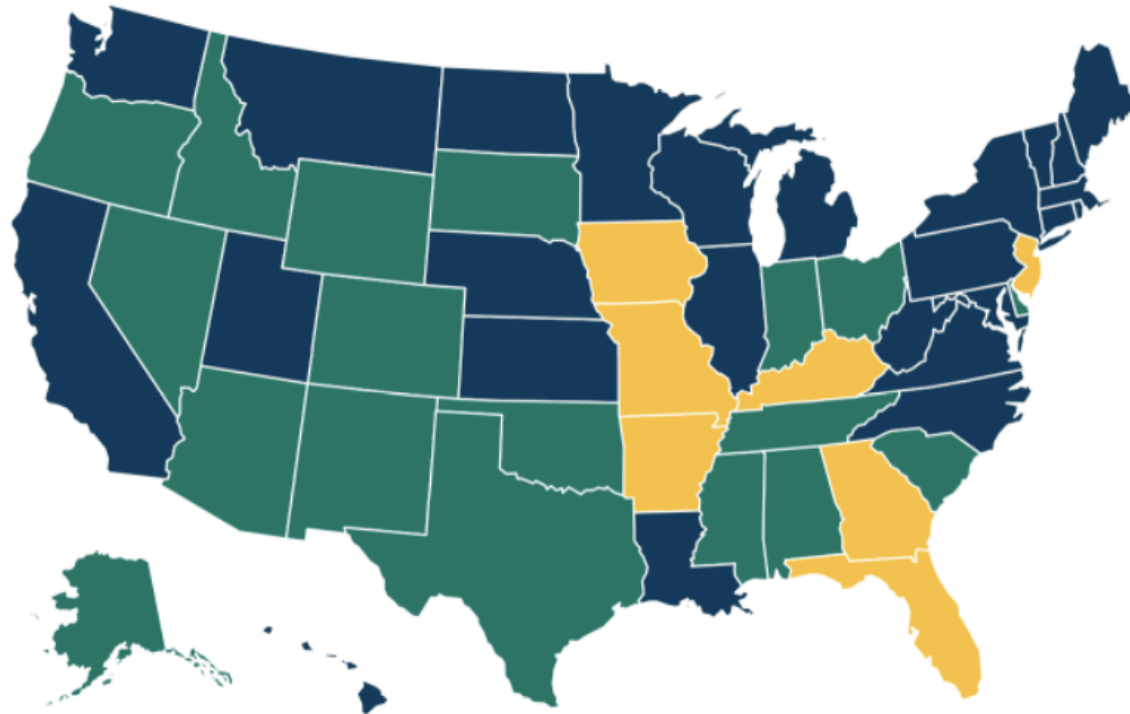


Source: US Census Bureau's cartographic boundary shapefiles, 2016 edition; [Flourish](#).

There Are Also Ways for Seniors to Access Care Even When Their Income Exceeds the Limits

Figure 3: Optional pathways for seniors whose income limits are too high, by state

■ Qualified Income Trusts ■ Medically Needy Spend Down ■ Both



Source: US Census Bureau's cartographic boundary shapefiles, 2016 edition; [Flourish](#)

Medically Needy Spend Down Example

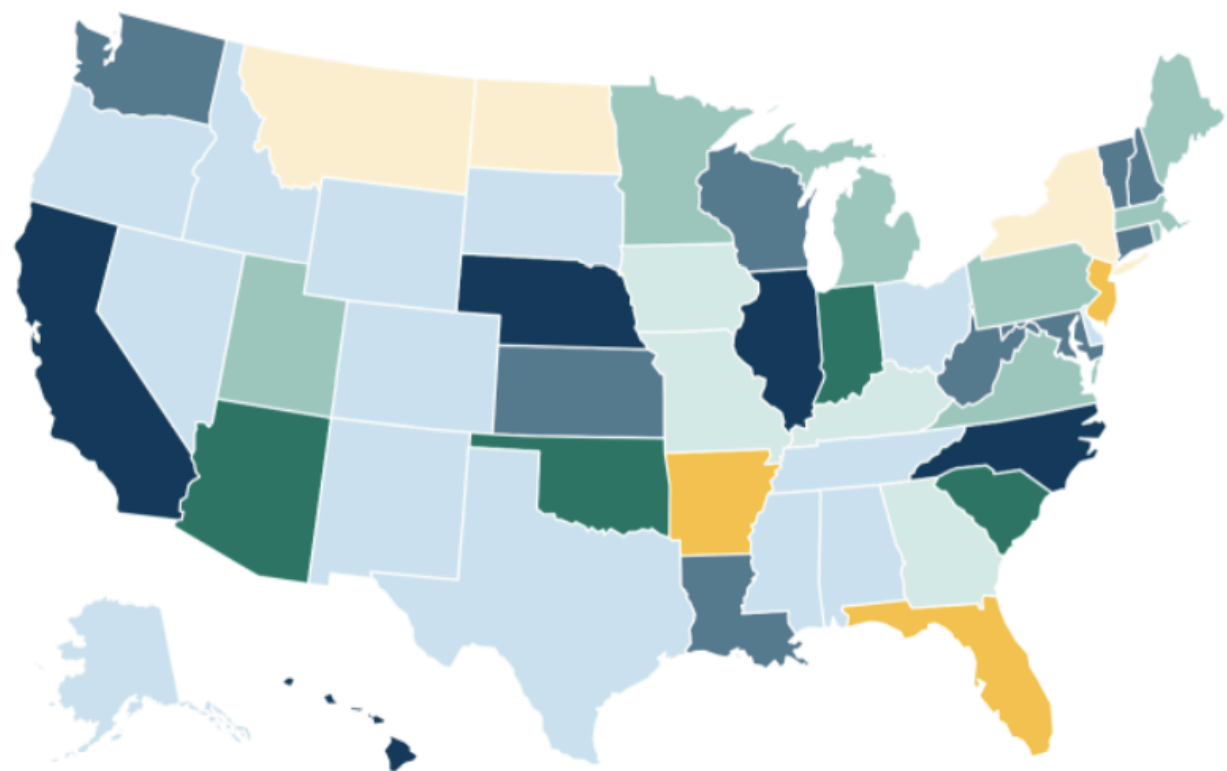
- **Juan is a retiree in Washington, D.C. who needs long-term care.**
 - \$2,480 is Juan's countable income
 - \$682 is D.C.'s Medically Needy Income Limit
 - 6 months is D.C.'s budget period for nursing home care and HCBS
 - $\$2,480 - \$682 = \$1,798 \times 6 \text{ months} = \$10,788$
 - \$10,788 is Juan's spend-down amount for 6 months
- Within a six-month period, Juan's medical and remedial costs must amount to at least \$10,788 to qualify for Medicaid LTSS coverage beyond that amount.
- If Juan and his family opt for care in a **nursing home**, Juan does not have to present any actual bills. Medicaid accepts projected medical bills from nursing facilities.

Medically Needy Spend Down Example (continued)

- If Juan and his family opt for **home and/or community-based care**, Juan will need to apply for a Medicaid LTC Home and Community-Based Services (HCBS) waiver. However, Medicaid does not accept projected medical expenses for HCBS. This means that upon applying, Juan will need to provide at least \$10,788 worth of eligible medical and/or remedial bills occurring within the past 90 days of his application
- If Juan and his family do not have \$10,788 of disposable income to cover Juan's bills upfront, institutional care might be the only feasible option for the family.
- Illinois, Minnesota, Missouri, Montana, New York, Ohio, and Utah are Pay-In Spend-Down states. If Juan lived in one of them, on the day of his Medicaid application, Juan could have made a cash lump-sum or installment payment to reach his Spend Down amount, and thus, become Medicaid eligible before incurring additional expenses. The benefit of this option, when available, is that all of Juan's subsequent medical expenses would be billable at Medicaid payment rates and would be eligible for any discounts and rebates negotiated by Medicaid.

There is Much Variability Across the Nation

Figure 4: All Optional Pathways for Seniors to Qualify for Medicaid, by State



Source: US Census Bureau's cartographic boundary shapefiles, 2016 edition; [Flourish](#).

Optional Pathways Available			
FPL+	Special Income	QI Trusts	Medically Needy
✓	✓	✓	✓
✓	✓	✓	
✓	✓		✓
	✓	✓	✓
✓			✓
	✓		✓
	✓	✓	
			✓

Special Considerations for Medicaid LTSS

- **Dual-eligible Beneficiaries – Medicare and Medicaid.** Full duals qualify for full benefits from both programs, while partial duals only qualify for some Medicaid benefits. Medicaid covers LTSS only for full eligibles.
- In 2018, there were 5.3 million beneficiaries who were full dual eligibles. In 2013, 42 percent of full-benefit dual-eligible beneficiaries accessed some form of LTSS through Medicaid. Twenty percent of these beneficiaries received institutional LTSS coverage through Medicaid, and this 20 percent accounted for more than half (53%) of all Medicaid spending on full-benefit dual-eligibles that year.
- **Spousal Impoverishment Rules** protect a portion of a married couple's income and assets so that the spouse not seeking Medicaid LTSS (frequently referred to as the "community spouse") may cover their own living expenses after the partner seeks LTSS coverage.
- The federal maximum for the community spouse's resource allocation is \$123,600, applied by 18 states, while the federal minimum is \$24,720, applied by two states. The remaining states fall in between. The federal income maximum is \$3,090, applied by 19 states, and the minimum \$2,058, applied by 14 states, with the remaining states in between.

Washington State Long-Term Care Program

- **Washington became the first state to adopt a social insurance program to address long-term care needs in 2019.** Washington residents pay 58 cents of every \$100 into the long-term care trust fund. After ten years, residents can claim up to \$100 a day in benefits, with a lifetime cap of \$36,500 (tied to inflation).
- **Access to benefits is possible after three years, if there is a catastrophic disabling event.**
- **While a lifetime cap of \$36,500 may seem small, it could go a long way for the many older Americans with more manageable long-term care needs.**
- **Relatively few will spend years in a nursing home, the most expensive form of long-term care.** Many seniors simply need lower-cost services, such as a home health aide or home modifications, and receiving these services can prevent the move to a nursing home.
- **Washington State expects to reduce Medicaid costs with this program.**

Policy Recommendations

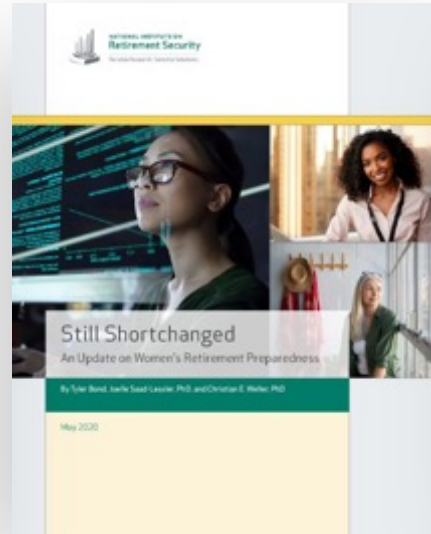
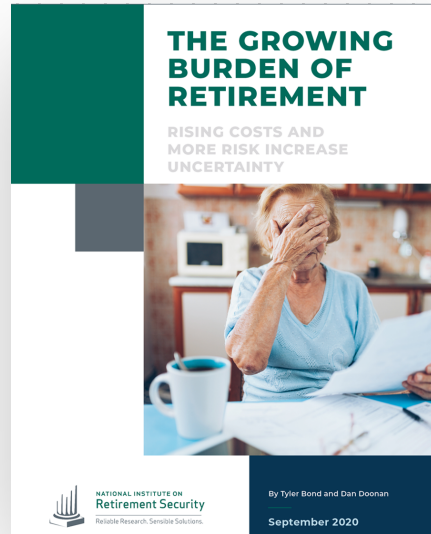
1. Long-term care proposals should provide universal coverage based on need.
2. The programmatic bias toward institutional care over home or community-based care should be eliminated.
3. Healthcare and social services should be integrated.
4. Public policy should support the ability of older Americans to remain in their communities



Questions



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