



Assessing Threats to Long-Term Care Coverage Through Medicaid Cuts

May 8, 2025

JUSTICE IN AGING
FIGHTING SENIOR POVERTY THROUGH LAW



**NATIONAL INSTITUTE ON
Retirement Security**

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Agenda

- Logistics and Introductions
- Review of Previous NIRS Research
- The Current Political Landscape Facing Medicaid
- Q&A

ACCESSING LONG-TERM CARE COVERAGE THROUGH MEDICAID

THE SAFETY NET FOR
SENIORS FACING
UNMANAGEABLE COSTS



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Reasons for Earlier NIRS Research

- 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

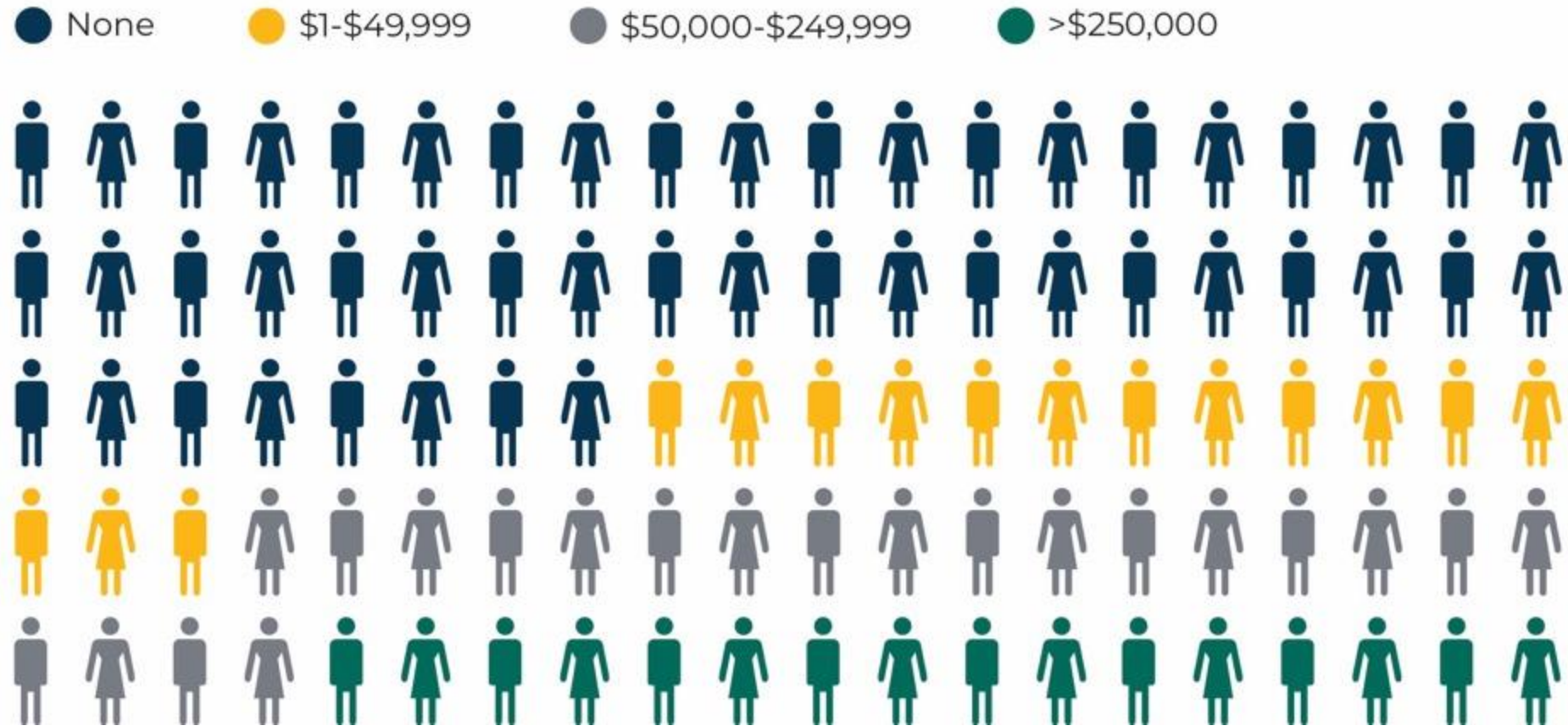
- **Long-term care (LTC) comprises a broad range of paid and unpaid care assistance that people need when experiencing difficulties completing self-care tasks.** The data show that 69 percent of seniors will require some type of long-term care.
- **Even as the country's primary payer of long-term services 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



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)

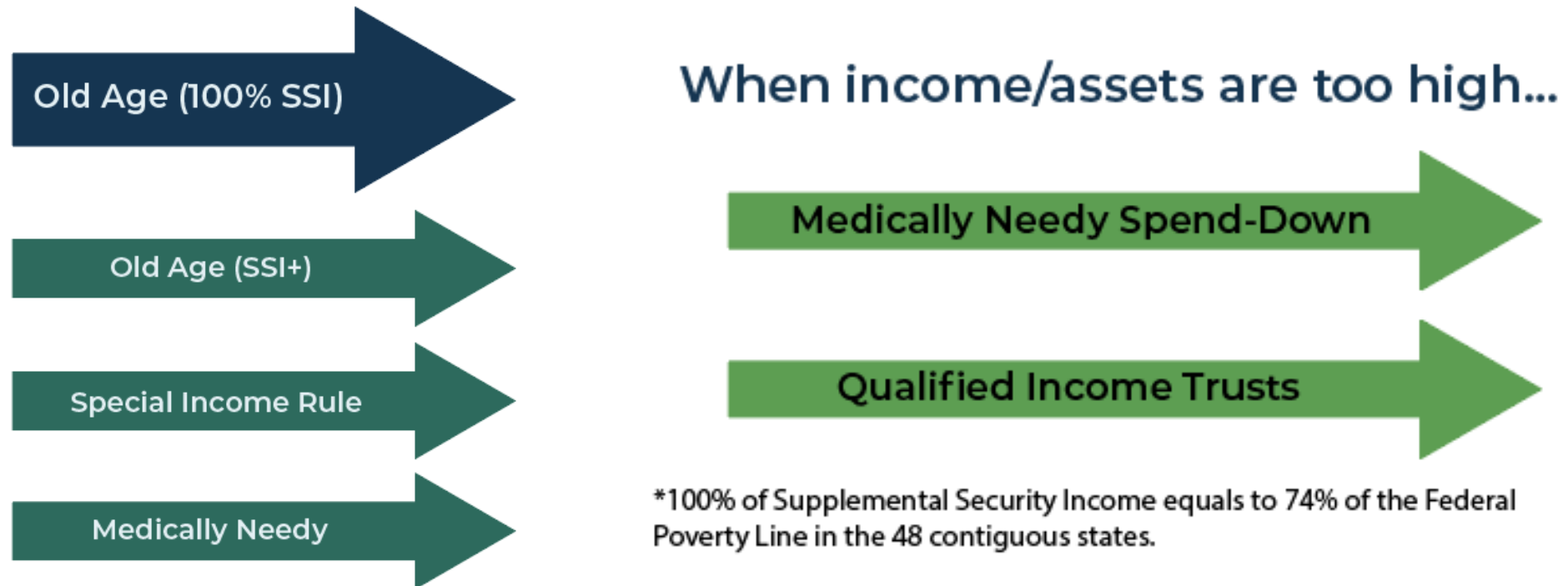
Medicaid's Role in Long-Term Care

- 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 Eligibility Criteria Higher Than the Required Minimum

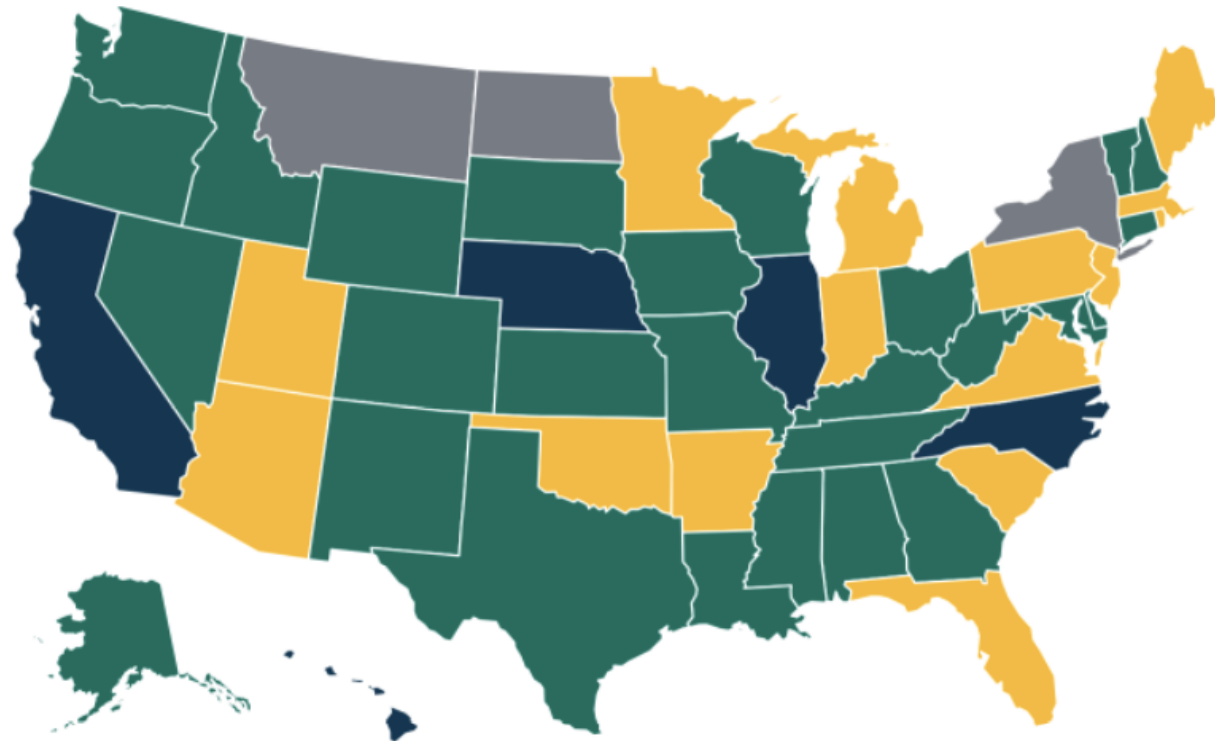
Table 2: Eligibility Criteria for Medicaid LTSS Based on the Percentage of the Federal Poverty Line for Individual Income

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%

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

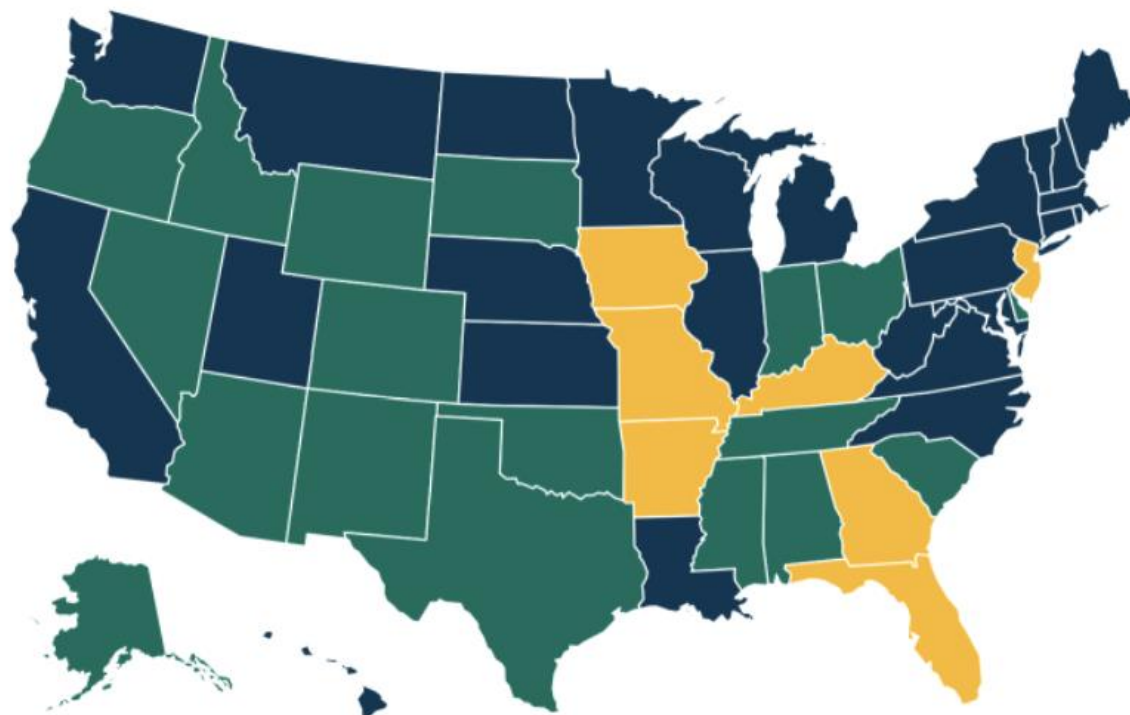


Source: US Census Bureau's cartographic boundary shapefiles, 2016 edition; [Flourish](#).

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

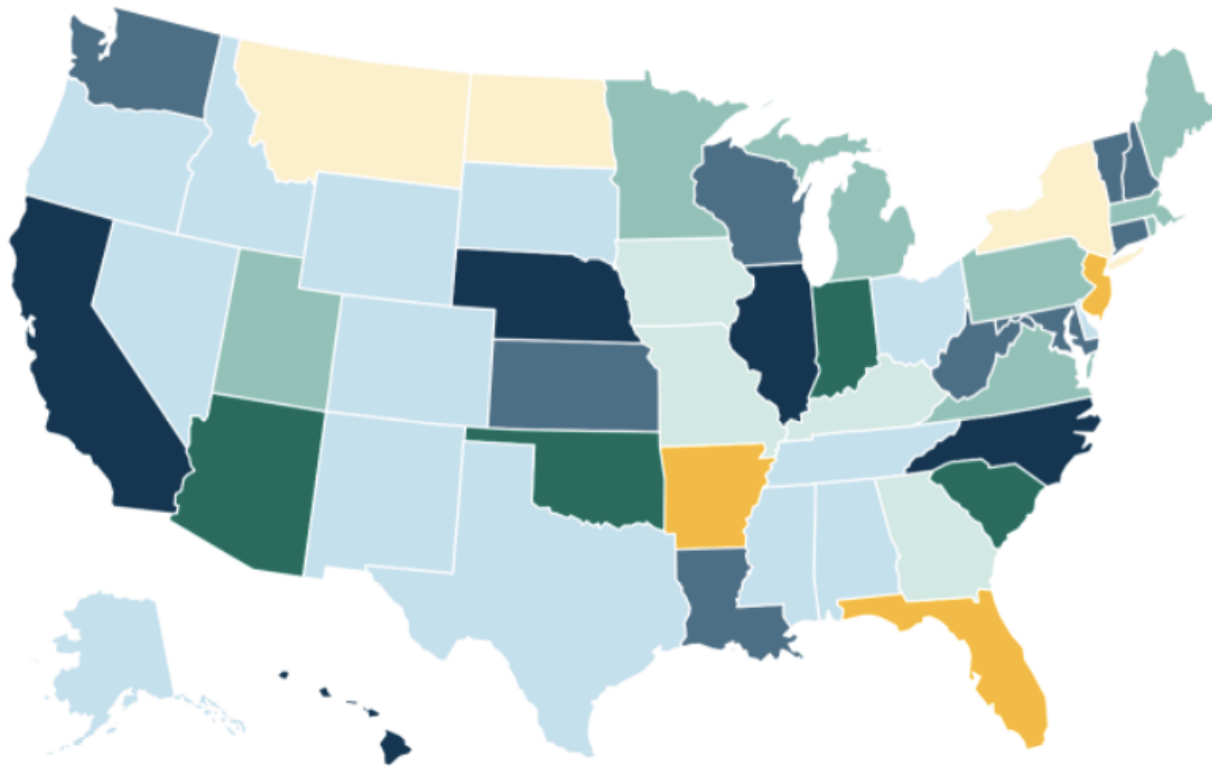
■ Qualified Income Trusts ■ Medically Needy Spend Down ■ Both



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

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.

Medicaid's Crucial Role for Older Adults and People with Disabilities

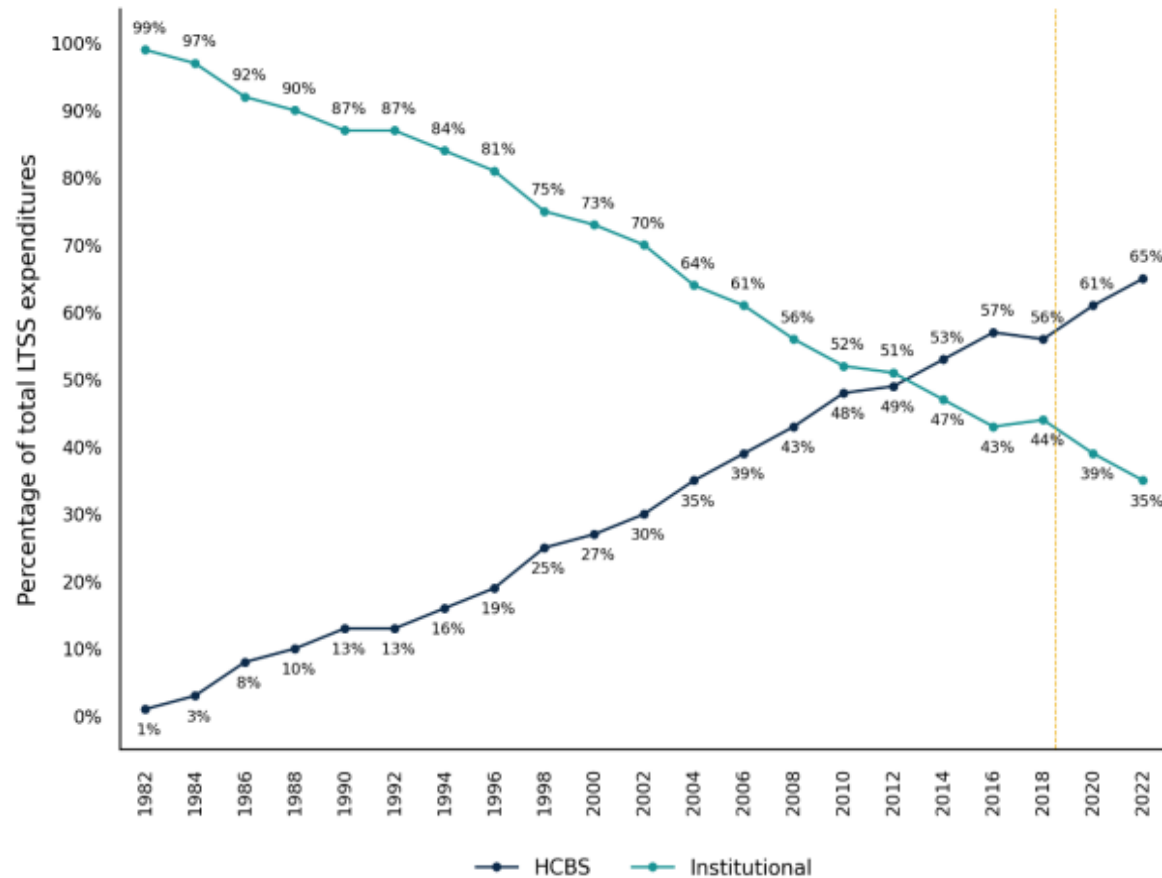
- More than 7 million seniors and 10 million people with disabilities rely on Medicaid
- Millions more older adults and people with disabilities and chronic conditions are insured through Medicaid who don't qualify based on age or disability
 - 9 million older adults ages 50 to 64
 - At least 6 million people with disabilities
- Medicaid is very broad and covers more than traditional medical services
 - Nursing Facility
 - Home- and Community-Based Services (HCBS)
 - Dental, vision, hearing
 - Non-Emergency Medical Transport (NEMT)
 - Financial assistance for Medicare beneficiaries dually enrolled in Medicaid through the Medicare Savings Programs

Medicaid is Primary Payer of Long-Term Care

- In 2020, more than **5.6 million** people used Medicaid long-term services and supports
 - More than 6 in 10 nursing facility residents rely on Medicaid
 - In 2020, 1.4 million people used institutional care
 - Medicaid is primary payer for at-home assistance, called Home and Community Based Services (HCBS)
 - Support older adults, disabled people, and their families
 - In 2020, 4 million people used HCBS
 - Names of HCBS programs vary state by state and population to population within a state

Medicaid Has Been Essential in Decreasing Institutionalization

- In 2022, 87% of people using LTSS, used HCBS
- HCBS use varies from state to state and is less for older adults than other disabled groups, but much progress has been made



Sources: [CMS, Trends in Users and Expenditures for HCBS as Share of Total LTSS Users, 2022](#) (Aug. 29, 2024)
[CMS, Medicaid Long-Term Services and Supports Expenditure Report](#) (Dec. 9, 2021)

Why Medicaid?

- Medicare Coverage is Limited
 - Covers first 100 days in a nursing facility
 - Home health benefit limited to those with skilled care needs
- Private Pay is Costly
 - Adult Day Program/5 days a week: \$24,700
 - Home Health Aide/40 hours a week: \$68,640
 - Assisted Living Facility: \$64,200
 - Nursing Facility: \$104,025
 - **Median Income of Medicare Enrollee: \$36,000**



State of Play in Congress

Budget Reconciliation

- Congress can use budget reconciliation to fast track legislation when one party holds the majority in both chambers
 - Only requires simple majority to pass the Senate—filibuster proof
- Budget reconciliation has specific requirements – most importantly that bills must relate to the budget and not add to the deficit
 - Senate parliamentarian rules on what is in/out
 - Social Security is off limits

FY2025 Reconciliation Process

- Step 1: House and Senate adopt the same budget resolution
 - Resolutions are high-level instructions to committees
 - Resolutions are not laws
- Step 2: Committees write & markup bills
 - This is where cuts to Medicaid are spelled out
 - Draft Language expected next week
- Step 3: House and Senate vote on reconciliation package
 - House hopes to vote by Memorial Day

How Medicaid Could be Cut

- Congress will almost certainly need to cut Medicaid to enact their budget blueprint.
- Two categories of cuts to Medicaid on the menu:
 1. Cutting federal funding:
 - Block Grants or Per Capita Caps
 - Cutting Federal Medical Assistance Percentage (FMAP)
 - Restricting Provider Taxes
 2. Cutting enrollment or services:
 - Work Requirements
 - Repealing regulations or minimum requirements
 - Home Equity Limits

How Medicaid Cuts Threaten Long-Term Care

Federal cuts would push costs to states. States facing budget shortfalls would be forced to:

- Cut optional benefits:
 - Home-and Community-Based Services (HCBS)
- Cut optional financial eligibility pathways:
 - Medically Needy Pathway/share of cost/spend down
 - Special Income Rule
 - Working Disabled
 - Roll back income/asset limit expansions to SSI limits
- Cut provider payment rates
 - Worsen direct care workforce shortage
 - Worsen nursing facility staffing shortages

What Are the Risks from Medicaid Cuts?

- Higher rates of institutionalization and reversal of progress of eliminating the institutional bias
- Higher rates of hospitalization and adverse health outcomes
- Exacerbate issues facing family caregivers
 - 36 billion hours of unpaid care
 - Economic Security
 - Disproportionately harming women of color
- Poorer quality of care in nursing facilities

Questions

