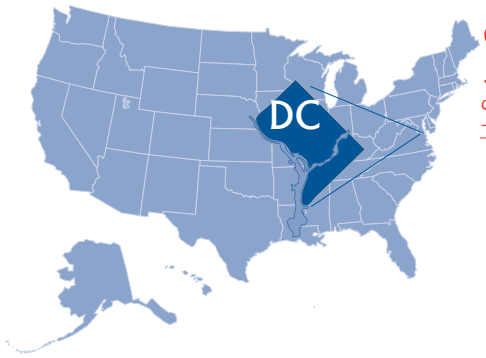

Special
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Cutting Medicaid in the District of Columbia:

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

Some policy makers at the state and federal levels, seeking to close budget gaps, are looking to cut Medicaid, the state and federally funded program that provides health coverage to many low-income people. At the federal level, there is talk of making significant cuts to Medicaid, as well as of changing Medicaid into a block grant or capped program, with significantly reduced funding, with significantly reduced funding, which would also result in cuts to eligibility and to services that are covered by Medicaid. States are considering direct cuts to Medicaid services. They are also requesting relief from the Medicaid maintenance of effort (MOE) requirement in the health care law, the Affordable Care Act. This requirement is an important protection that prohibits states from reducing their Medicaid eligibility levels or changing the rules to make it harder for people to enroll in Medicaid.

While the current budget climate demands that states make smart fiscal decisions, arbitrarily cutting Medicaid would be a bad decision for the District of Columbia. It would be a bad decision for the nearly 53,000 District of Columbia seniors and people with disabilities who rely on Medicaid, and it would be a bad decision for their families.[1] That's because Medicaid is the major payer of long-term care, both nationally and in the District of Columbia.[2] Cutting Medicaid would affect the availability of long-term care for all District of Columbia residents.

Medicaid is critical for District of Columbia seniors and people with disabilities who need long-term care.

Few people have insurance that covers long-term care: Medicare doesn't cover long-term care, and neither does job-based health insurance. Long-term care costs can be financially devastating. In the District of Columbia, nursing home costs average $99,300 a year, and 80.1 percent of the District of Columbia's nursing home residents rely on Medicaid to pay for their nursing home care. Home health aides cost, on average, $20 an hour.[3] Many people who need long-term care exhaust their savings to the point that they become eligible for Medicaid. For 15,500 seniors and 37,100 people with disabilities in the District of Columbia, Medicaid is a critical source of coverage for long-term care, often the only avenue they have to get the care they need.[4]

Medicaid helps District of Columbia seniors and people with disabilities stay in their homes and communities longer.

Medicaid doesn't just pay for long-term care in nursing facilities. In the District of Columbia, about 51.4 percent of Medicaid spending on long-term care covers care that is provided to people in their homes or in the community.[5] Medicaid's home- and community-based care helps approximately 9,000 District residents stay out of nursing homes.[6]

Keeping people in the community longer saves the District of Columbia money.

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. That's because states are required to provide nursing facility care in their Medicaid programs, but providing most non-institutional care is optional. However, cutting home- and community-based services is short-sighted. Those services are less costly per person and can reduce people's need for more expensive nursing home care.[7, 8] Cutting home- and community-based long-term care would mean that more District residents will have to turn to institutional care—care that will ultimately be paid for by Medicaid. That's a bad choice for District seniors and people with disabilities and a choice that would cost the District of Columbia more in the long run.

Medicaid enables the District of Columbia to build a long-term care workforce that can meet the needs of all its residents.

Nearly 6,000 direct care workers provide care to District residents who need long-term services (both those with Medicaid and those with other coverage).[9] These workers include home health aides, nursing aides, orderlies, and personal care attendants. To meet the demands of its aging population, by 2016, the District of Columbia will need to expand its workforce by 19.2 percent.[10] Because Medicaid is a critical source of payment for the District's long-term care workers, cuts to Medicaid could mean cuts in payments to providers, including long-term care workers. That could result in salary reductions or reductions in the number of workers, which could, in turn, affect the quality of care and the availability of workers for all District residents who need long-term care. A strong Medicaid program with adequate payment for care providers is essential to helping the District of Columbia build a workforce that can meet the long-term care needs of all its residents, whether they have Medicaid or not.

Medicaid helps District of Columbia residents who have a spouse, a parent, a child, or another loved one who needs long-term care.

About 87,000 District residents are informal caregivers.[11] These are spouses, children, parents, siblings, and others who are caring for a relative or loved one. Many of them are caring for someone with Medicaid. For those caregivers, the services that Medicaid provides allow them to maintain their jobs, take care of their families, or simply rest when they need to.

The burdens of caregiving 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. Reductions in spending, work hours, and delayed health care not only hurt families, but they can also have negative consequences for the District's economy. By helping caregivers, Medicaid helps District families and the District of Columbia's economy.

By helping District of Columbia families, Medicaid helps District of Columbia businesses.

Family caregiving responsibilities also affect District businesses. Nationally, businesses lose an estimated $33 billion annually due to absenteeism, reduced work hours, and hiring replacement costs associated with employee caregiving responsibilities.[12] By helping caregivers and by giving them the support they need so that they can remain in the workforce, Medicaid helps District businesses.

District of Columbia residents want a strong Medicaid program—particularly for home- and community-based services.

Polls show strong public support for the Medicaid program and opposition to program cuts.[13] Support for the long-term services that Medicaid pays for, particularly home- and community-based services, is also very high.[14] Seniors and people with disabilities who need long-term services would far prefer living in the community to living in an institution, and the home- and community-based programs in District of Columbia Medicaid make that preference a reality for thousands of District residents.

The Bottom Line

For nearly 53,000 low-income seniors and people with disabilities in the District of Columbia, Medicaid is critical. The long-term services coverage that Medicaid provides is the only avenue they have for getting the long-term care they need. For approximately 9,000 of these District residents, Medicaid makes the difference between living in the community and living in an institution. But the District's Medicaid program helps families in other important ways too: It helps the family members and friends who care for people in Medicaid who need long-term care, giving them much needed assistance with costs and helping them more fully participate in the economy. By helping those caregivers, Medicaid helps District businesses. Medicaid is also an important source of support for jobs for the District's long-term care workers. Cutting Medicaid services would be bad for District seniors and people with disabilities and their families.

Endnotes

[1] Kaiser Family Foundation, statehealthfacts.org, *Distribution of Medicaid Enrollees by Enrollment Group, FY2007*, as trended forward to 2010 by Families USA. Methodology available upon request.

[2] Department of Health and Human Services, National Clearinghouse for Long-Term Care Information, *National Spending on Long-Term Care* (Washington: Department of Health and Human Services, May 2010). Medicaid paid 48.9 percent of long-term care expenditures nationally in 2005.

[3] 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). The annual cost of nursing home care was calculated based on the average daily rate for a semi-private room.

[4] Kaiser Family Foundation, op. cit.

[5] Brian Burwell, Steve Eiken, Kate Sredl, and Lisa Gold, *Medicaid Long Term Care Expenditures FY 2009* (Cambridge: Thomson Reuters, August 2010), available online at http://www.hcbs.org/moreInfo.php/doc/3325.

[6] Kaiser Commission on Medicaid and the Uninsured, *Medicaid Home and Community-Based Services Programs: Data Update* (Washington: Kaiser Family Foundation, February 2011), available online at http://www.kff.org/medicaid/upload/7720-04.pdf.

[7] Data on per-person costs are from 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 costs, on average, nearly $44,000 less.

[8] The study on the potential for home- and community-based services to reduce the need for nursing home care is from 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 2 Years?" *Aging Health* 22, no. 7 (May 2010): 1,029-1,053.

[9] PHI, PolicyWorks, *State-By-State Projected Demand for New Direct-Care Workers, 2006-16* (Washington: PHI, December 2009), available online at http://directcareclearinghouse.org/download/State%20Demand%20for%20DCWs%202006-16%20Revised.pdf.

[10] Ibid.

[11] Ari Houser and Mary Jo Gibson, *Valuing the Invaluable: The Economic Value of Family Caregiving, 2008 Update* (Washington: AARP Public Policy Institute, November 2008), available online at http://assets.aarp.org/rgcenter/il/i13_caregiving.pdf.

[12] MetLife Mature Market Institute and National Alliance for Caregiving, *The MetLife Caregiving Cost Study: Productivity Losses to U.S. Business* (New York: Metlife Mature Market Institute, July 2006), available online at http://www.caregiving.org/data/Caregiver%20Cost%20Study.pdf.

[13] "Poll: Medicare, Medicaid among Most Popular Gov't Services," *Chain Drug Review*, March 7, 2011, available online at http://www.chaindrugreview.com/front-page/newsbreaks/poll-medicare-medicaid-among-most-popular-govt-services. The poll was conducted by Harris Interactive.

[14] "Nationwide Poll: Americans Say No to Medicaid Cuts," *Business Wire*, January 13, 2011, available online at http://www.businesswire.com/news/home/20110113006419/en/Nationwide-Poll-Americans-Medicaid-Cuts. The poll was conducted by Zogby International.

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