

Medicaid Matters

Medicaid Matters is a series of fact sheets concerning how Congressional proposals to change the Medicaid program will negatively directly affect eldercare and disability services employers, consumers and their families, and the direct-care workforce.

Medicaid is a public health insurance program for low- and modest-income individuals and families that covers acute care and long-term services and supports. It is jointly funded by state and federal governments, and is managed by the states. For middle class families who spend down their assets paying for long-term care, Medicaid provides an essential safety net.

Medicare is an insurance program administered by the federal government, providing health coverage to people who are aged 65 and over or who are living with disabilities. Medicare covers only short-term nursing home and home health services as opposed to on-going assistance.

...for Long-Term Services and Supports

➔ **Medicaid is the largest payer of long-term services and supports for elders and people with disabilities.**

Contrary to what many Americans believe, *Medicare* provides little coverage for long-term services and supports. It pays for limited medically necessary home health services, but does not cover home care for individuals who need ongoing assistance. By contrast:


- **Medicaid** is the principal payer for long-term services and supports in the United States—it pays for 62 percent (\$129 billion) of all spending.¹
- Nearly 4 million individuals receive long-term services paid for by Medicaid.²
- It is Medicaid-funded services and supports that allow elders and people with disabilities to live in the setting of their choice without draining family budgets across generations.

➔ **Medicaid provides health coverage to direct-care workers and their families.**

Nearly 80 percent of paid hands-on care for elders and people with disabilities is provided by direct-care workers, who earn, on average, just \$10 per hour. With such low incomes and limited employer-provided health insurance, Medicaid is essential to keeping these workers out of poverty. In addition, without this coverage, these workers are more likely to miss work due to health problems, disrupting the continuity of care so many individuals and families rely on.

Of our nation's approximately 4 million nursing assistants, home health aides, and personal care aides:

- Nearly 1 million (28 percent) are uninsured.
- In 2011 37.7 percent, or about 1.5 million direct-care workers, resided in households that rely on Medicaid for health coverage.
- In 2014, Medicaid expansion under the ACA, with full state participation, could provide coverage to an additional 375,000 currently uninsured direct-care workers,³ improving both the stability of the direct-care workforce and its capacity to provide high-quality care.



Medicaid funds millions of direct-care jobs and fuels our nation's economy.

America is aging, making direct care one of our nation's fastest-growing and most important occupations. Many families rely on Medicaid to help pay for the services direct-care workers provide. If Medicaid stops paying for these services, the workforce will shrink, thereby increasing unemployment and hurting local communities:

- Totalling about 4 million in 2011, the number of direct-care workers exceeds the number of registered nurses, school teachers (K-12), cashiers, and fast food workers. Employment projections predict the need for an additional 1.6 million direct-care jobs by 2020.
- Three direct-care occupations—nursing assistants, home health aides, and personal care aides—are on the list of top ten occupations projected to produce the most new jobs across the entire economy in the next seven years.
- Medicaid funding is the primary source of funding for these jobs. It pays for 62 percent (\$129 billion) of all spending on long-term services and supports.

Medicaid is an essential source of coverage for low-wage workers.



Turning Medicaid into a block grant hurts America's families.

Republicans in Congress have proposed turning Medicaid into a block grant program and significantly reducing federal spending for this critical program. This would shift the burden of increased costs to the states, vulnerable elders and people with disabilities, and the families who can least afford to pay for care.

Under this proposal, states would receive a fixed amount of federal Medicaid funding, rather than sharing increases with the federal government as state costs rise. Faced with diminished federal support, many states may be forced to eliminate optional coverage—i.e., coverage not required by the federal government.

Eliminating optional coverage could have devastating consequences for elders and people with disabilities both in terms of Medicaid eligibility and covered services.

- With 56 percent of older people and 22 percent of people with disabilities receiving Medicaid coverage under “optional” eligibility, a block grant would leave millions of our most vulnerable citizens with no access to care.⁴
- Optional Medicaid services include home- and community-based services and supports; thus, elders and people with disabilities who are now receiving services at home may be forced to move into more expensive institutional settings to receive the support they need.
- Due to decreased funding, a block grant would result in the creation of fewer direct-care jobs, diminishing opportunity for many workers without higher education to secure a better life for themselves and a brighter future for their children.

The elders and people with disabilities who receive services covered by Medicaid are the frailest and most financially vulnerable members of their communities. They have no other resources to cover the cost of essential services. Their needs will not disappear if the services they receive are cut from the Medicaid program. Their needs will simply not be met, direct-care worker jobs will be eliminated, and the burden on struggling American families and faltering state governments will continue to grow.

 **What you can do...**

Don't let Congress balance the budget on the backs of low and moderate income families. Go to <http://www.usa.gov/Contact/Elected.shtml> to find contact information for your representatives in Washington DC. Let your elected officials know how you feel!

Endnotes

- 1 National Health Policy Forum, "National Spending for Long-Term Services and Supports," February 23, 2012, available at: http://www.nhpf.org/library/the-basics/Basics_LongTermServicesSupports_02-23-12.pdf
- 2 The Kaiser Commission on Medicaid and the Uninsured, "Medicaid and Long-Term Care Services and Supports," June 2012 available at <http://www.kff.org/medicaid/upload/2186-09.pdf>
- 3 PHI Facts 4, Health Care Coverage for Direct Care Workers: 2009 Data Update, PHI, April 2011, <http://www.directcareclearinghouse.org/download/facts4-20110328.pdf>
- 4 The Kaiser Commission on Medicaid and the Uninsured, "Medicaid's Optional Populations: Coverage and Benefits," February 2005, available at <http://www.kff.org/medicaid/loader.cfm?url=/commonspot/security/getfile.cfm&PageID=51052> (Site visited Mar 25, 2011)

Turning Medicaid into a block grant program would shift the burden of increased costs to the states, vulnerable elders and people with disabilities, and the families who can least afford to pay for care.

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Learn more by going to the PHI PolicyWorks website (www.PHInational.org/policy). Here you'll find reliable information about emerging state and federal policies that impact our nation's direct-care workforce.

 PHI

PHI (www.PHInational.org) works to improve the lives of people who need home and residential care—and the lives of the workers who provide that care. Using our workplace and policy expertise, we help consumers, workers, employers, and policymakers improve long-term care by creating quality direct-care jobs. Our goal is to ensure caring, stable relationships between consumers and workers, so that both may live with dignity, respect, and independence.

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