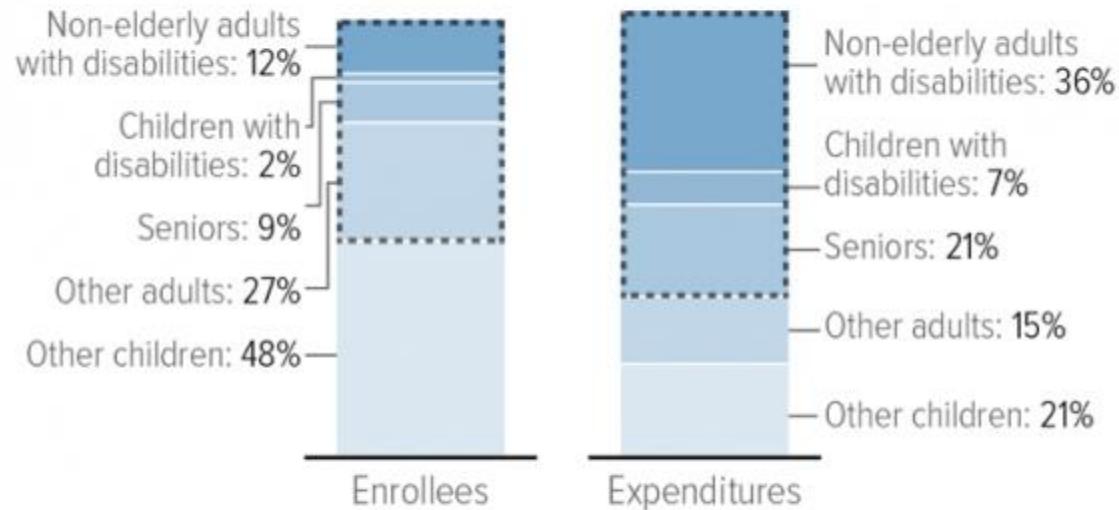


## Seniors, People with Disabilities Account for Disproportionate Share of Medicaid Spending

Medicaid enrollment and spending by coverage group, fiscal year 2011



Note: Includes both full-benefit enrollees and enrollees who receive select benefits such as family planning or help with Medicare cost-sharing. Totals may not sum due to rounding.

Source: Kaiser Family Foundation/Urban Institute estimates based on data from fiscal year 2011 Medicaid Statistical Information Statistics and Centers for Medicare & Medicaid Services-64. MSIS fiscal year 2010 data adjusted to fiscal year 2011 spending were used for states missing fiscal year 2011 data.

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### Per Capita Cap Would Jeopardize Long-Term Services and Supports for Seniors and People with Disabilities

The AHCA caps the federal funds available to states to operate their Medicaid programs, but it doesn't change the mandatory benefits that Medicaid must provide for seniors and people with disabilities or that individual states must cover.<sup>[10]</sup> Care in a nursing home remains a mandatory benefit, and most HCBS, increasingly popular alternatives to institutional care, are still optional, which means states choose whether and to what extent to cover them. The amount states

spend on care for seniors and people with disabilities varies considerably, which is reflected in differences in per-beneficiary spending across states. (See Appendix Table 2.)

Because the AHCA bases per-beneficiary caps for each group on what the state spent in 2016, it's unlikely states would expand the availability of HCBS in the future, whether by increasing eligibility or the types of HCBS. Without cutting other services, states wouldn't have room under the overall federal funding cap for new spending. The more likely scenario, if federal funding was capped and states had to cut their programs, is that they would roll back HCBS.<sup>[11]</sup> The risk of cuts to HCBS is especially great because states spend more on HCBS than any other optional benefit, and most states already limit HCBS due to constraints on available funding.

## **Per Capita Cap Would Affect Direct Care Workforce Providing HCBS**

The per capita cap would also likely make it harder to meet the growing need for direct care workers who deliver HCBS, including nursing assistants, home health aides, and personal care aides, making it hard for many families to find the care they need.<sup>[20]</sup> In 2014, there were 3.27 million direct care workers comprising 20.8 percent of the nation's health workforce. The Bureau of Labor Statistics estimates an additional 1.1 million direct care workers will be needed by 2024 — a 26 percent increase over 2014.<sup>[21]</sup>

Direct care workers generally receive low wages, averaging between about \$10 and \$13 an hour in 2015.<sup>[22]</sup> A recent National Academy of Medicine report cited the need for adequate compensation and better training to address high turnover resulting from low pay and inadequate training.<sup>[23]</sup>

A per capita cap would exacerbate the shortage of direct care workers, which is already described as a crisis in some areas.<sup>[24]</sup> Medicaid pays for a large share of the care delivered by direct care workers so there is a direct link between state capacity to increase provider reimbursement and the direct care workforce's salaries and working conditions. Improvements in wages for direct care workers would increase per-beneficiary costs, making it harder or even impossible for states to stay under their federal funding caps. As a result, capped federal funding would leave little room for home health providers to increase wages and other enhancements to attract and maintain a sufficient skilled workforce.

The AHCA's effective elimination of the Medicaid expansion would also affect health care *available* to the direct care workforce. In addition to low pay, direct care workers often don't have an offer of employer coverage. In 2010, 28 percent of direct care workers were uninsured, compared with 17 percent of all workers. By 2014 the shares fell to 21 percent and 16 percent, respectively, representing an increase of about 500,000 direct care workers with insurance. The coverage gains were due mostly to the Medicaid expansion.<sup>[25]</sup> The effective repeal of the Medicaid expansion would reverse this progress for direct care workers.