

Medicaid provides essential care for [7 million](#) seniors. Medicaid covers nursing home care and other long-term services and supports, as well as other medical care and supportive services that Medicare doesn't cover, which help many low-income seniors and people with disabilities stay independent and healthy. It also covers premiums, deductibles, and cost-sharing for Medicare beneficiaries.

Cutting Medicaid or radically changing its financing structure — for example to a per capita cap as in recent congressional Republican proposals to repeal the Affordable Care Act (ACA) — would threaten the essential services and other assistance that seniors rely on to maintain their health and independence. Instead of placing a cap on Medicaid, federal policymakers should support positive state innovations that improve coverage for seniors.

Medicaid Provides Crucial Services for Seniors and Their Families

Medicaid provides a broad range of medical care, supportive services, and long-term care that Medicare doesn't offer. [More than one-fifth](#) of Medicare beneficiaries also have Medicaid coverage.

- **Medicaid is the [primary](#) payer for essential long-term services and supports.** An estimated [1 in 3 people](#) who are 65 or older will need nursing home care, and nearly [2 in 3](#) nursing home residents receive care through Medicaid. Medicaid also provides home- and community-based services, such as personal and attendant care services that help seniors stay independent. These long-term services and supports are unavailable through Medicare and are far too costly for most seniors and their families to fund out of pocket.
- **Medicaid fills other gaps in Medicare benefits.** Medicaid can cover transportation to the doctor and vision care, along with other important services that Medicare doesn't usually cover. Seniors can also get services through Medicaid that Medicare covers to a lesser extent, such as home health care, durable medical equipment, mental health and therapy services, and some dental services.
- **Medicaid makes Medicare affordable for seniors with low incomes.** Medicaid pays Medicare premiums for beneficiaries with low incomes, and for those below the poverty line, Medicaid also pays for Medicare deductibles and cost-sharing charges.

State Innovations Help Meet the Needs of Seniors

States have flexibility under Medicaid to innovate and improve the delivery of health care services. For example, Programs of All-Inclusive Care for the Elderly (PACE) serve frail seniors in [31 states](#), and are funded by both Medicare and Medicaid. These programs provide medical care and a comprehensive array of other services, including adult day care, to let seniors “age in place” instead of entering nursing homes. PACE is [shown](#) to reduce hospitalizations, and there is evidence it can improve care quality and reduce mortality rates.

Medicaid Cuts Would Jeopardize Coverage for Seniors

Millions of Medicaid beneficiaries would lose coverage, and hundreds of billions of dollars in federal Medicaid funding would be cut, under congressional proposals to impose a rigid and increasingly inadequate cap on federal funding for state Medicaid programs. Such proposals would effectively end states' option to expand Medicaid under the ACA, threaten health care for large numbers of low-income Medicaid beneficiaries, and leave seniors particularly at risk of going without needed care.

Such Medicaid cuts would:

- **Leave states holding the bag.** A cap on federal Medicaid funding would result in deep cuts that would grow larger over time. It would also leave states responsible for 100 percent of the costs above their arbitrary federal funding

cap, including higher-than-expected costs stemming from new treatments, public health emergencies (like the current opioid crisis), or changing demographics like aging of the population.

- **Result in large cuts to home- and community-based services.** The largest share of Medicaid funding for “optional” services (those not required by the federal government) is for home- and community-based care for seniors and people with disabilities. In 2013, Medicaid spent almost \$45 billion on optional services for seniors, including home- and community-based services such as case management, home health aides, personal care services, and respite care. Because home- and community-based services make up such a large share of states’ optional Medicaid spending, they are likely targets for cutbacks in case of severe cuts in federal funding.
- **Not meet the needs of the aging population.** In the coming decades, average health and long-term care costs for seniors will rise significantly as baby boomers move into very old age. Those 85 and older cost [2.5 times](#) more than younger seniors on Medicaid. A cap on Medicaid funding would likely lock in current Medicaid spending per beneficiary and thus won’t adjust for this cost growth due to demographic changes, so states would have to further cut Medicaid or other vital services to balance their budgets.
- **Further threaten existing services when new costs arise.** States would likely have no choice but to institute severe cuts to Medicaid eligibility, benefits, and provider payments, which would particularly harm seniors. Moreover, as new treatments emerge or as demand for treatment and services increases, states could only cover these added costs by scaling back services that seniors now rely on for care and independence, especially if these services are covered at a state’s option.
- **Cause some seniors to lose their Medicaid coverage entirely.** About [2.2 million](#) seniors receive full Medicaid benefits because their states have elected to expand eligibility beyond what federal law requires. When states need to cut costs, they could reduce income eligibility levels for seniors, resulting in a loss of nursing home and other long-term services and supports. Further, the ACA’s Medicaid expansion covers 11 million people, including many older adults not yet eligible for Medicare. Eliminating the expansion, or otherwise reducing the eligibility level for the program, would leave these seniors with few options for affordable coverage.

This report was prepared with support from the Commonwealth Fund.

January 19, 2018