

Medicaid Block Grants Could Harm Long Term Care Residents

The American Health Care Association and National Center for Assisted Living (AHCA/NCAL) agrees that steps need to be taken to reduce the federal deficit and address the nation's long term debt challenge. AHCA/NCAL cautions that the looming federal budget challenges must be tackled in a careful, deliberate manner that does not undermine our core values and ability to care for our most vulnerable citizens, who require long term care and services. In fact, 64 percent of patients who receive skilled nursing care depend on Medicaid to pay for this essential care; 13 percent of assisted living residents rely on Medicaid for their care, as do almost all of those with developmental disabilities.

Medicaid Does Not Cover All Allowable Long Term Care Costs

While Medicaid is the largest payor of long term care and services, the federal-state program fails to cover the full cost of nursing home care today. According to an independent national study, Medicaid payments were \$5.6 billion short of covering allowable nursing home costs in 2010, paying an average of only 91 cents on every dollar of allowable costs incurred for each Medicaid patient.

Medicaid Block Grants Will Shift Costs to States, Escalate Underfunding

Proposals that convert the Medicaid entitlement into a block grant tend to eliminate the current formula under which states receive federal dollars based on a set percentage of incurred costs and instead provide a fixed dollar amount each year that is based on an arbitrary baseline, which does not take need into account. Under some proposals, that fixed federal dollar amount would increase at a rate that is substantially slower than the rate of even the growth in the number of seniors who need long term care services. Over time, such an approach shifts a greater amount of the cost to states that are already struggling under their own budget pressures and will be unable to absorb these additional costs. Yet, once states spend all their federal funds for a given year because of rising enrollment, rising costs, increased utilization or new technology, there is no new federal funding for that year. This will result in states increasingly underfunding long term care services, which will not be sustainable over time.

Medicaid Block Grants Threaten Care for Frail Seniors & the Disabled

Proposals to block grant the Medicaid program could potentially end the individual entitlement to nursing facility care services, which means that frail seniors and individuals with disabilities could be put on waiting lists and have their access to coverage restricted. As budget pressures escalate due to the limited rate of growth in the block grant, more and more frail seniors and disabled Americans would find themselves unable to obtain long term care services. In addition to the negative patient care consequences that would result, this would also lead to increased hospitalization rates and other costs incurred elsewhere in the health care system.

Alternatives to Medicaid Block Grants

There are a range of opportunities to implement innovative programs that would control Medicaid costs while maintaining or even improving care quality. These include accountable care organizations (ACOs), bundling, other models that promote care coordination and integrated services, home- and community-based services, models that promote home care, improved health information technology, and value based purchasing. Over the years, Congress has taken steps to protect the vulnerable Medicaid population. AHCA/NCAL strongly believes that these safeguards and protections should continue to be maintained by the partnership developed by the state and federal governments. We urge Congress to oppose block grants that threaten the entitlement services available to the vulnerable population served under Medicaid.

Ask Congress...

- To oppose Medicaid block grants that would threaten the nursing facility care entitlement for poor, elderly Americans & people with disabilities.

Key Facts

- 64% of nursing home patients & 13% of assisted living residents rely daily on Medicaid for their care.
- Medicaid is the largest payor of long term care & services.
- Nearly 70% of skilled nursing costs are labor related.
- Long term care directly employs more than 3 million people & contributes to another 2.3 million jobs nationwide.
- A major economic driver, long term care represents 1.3 % of the U.S. GDP.

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