

# Provider Assessments: A Legitimate Lifeline for Long Term Care

Medicaid remains the primary source of coverage for long term care (LTC) for millions of seniors, individuals with disabilities, and other vulnerable populations. However, Medicaid reimbursement rates often fall short of covering the actual cost of care—currently averaging 82 cents for every dollar spent on nursing home care. This makes it difficult for LTC facilities to keep their doors open, let alone invest in care services and caregivers.

## Provider Assessments: A Valid Solution

Congress established provider taxes or assessments decades ago that both red and blue states use to help sustain Medicaid funding and ensure access to care. Today, 49 states and the District of Columbia use provider taxes, protecting vital services for Medicaid beneficiaries.

- **Bridge the Medicaid Funding Gap:** Provider assessments enable states to fill the Medicaid shortfall, helping nursing homes and other LTC facilities stay open.
- **Ensure State Flexibility:** Congress has consistently upheld states' rights to use provider assessments to tailor Medicaid programs to their needs.
- **Reasonable Guardrails:** Each state's provider assessment program is reviewed by the Centers for Medicare and Medicaid Services to ensure they meet federal requirements.
- **Invested Right Back to the Bedside:** Provider assessments are used to help recruit and retain staff, enhance care, and make additional improvements that benefit nursing home residents.

## The Impact of Federal Cuts

Any federal proposals that aim to lower the provider tax "Safe Harbor" limit from the current 6% would restrict states' ability to finance their Medicaid programs. This would:

- Exacerbate Medicaid funding shortfalls without offering an alternative solution.
- Force more nursing homes and LTC facilities to close, jeopardizing access to care for seniors, individuals with disabilities, and other at-risk populations.
- Worsen workforce shortages by reducing resources available for staff recruitment and retention.

## The Bottom Line

**Reducing provider assessments is a cut to Medicaid services.** Congress must protect provider assessments to safeguard our nation's seniors and most vulnerable.

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