A Framework for Medicaid Reform

The majority of Americans who require long term services and supports (LTSS) – virtually all individuals with intellectual and developmental disabilities (ID/DD), nearly 64 percent of people receiving nursing center care, and about 19 percent of assisted living residents – rely on Medicaid to pay for their care each day. And this number is only expected it increase over the next few decades.

Estimates suggest the future number of the older adult population who are unable to perform basic daily activities such as walking, dressing, and eating without assistance may as much as double from 2000 through 2040, resulting in a large increase in demand for LTSS. Due to demographics alone, LTSS spending for older adults may increase by more than 2.5 times between 2000 and 2040, and could nearly quadruple spending between 2000 and 2050 to $379 billion, according to some estimates. Additionally, recent research points to higher than previously estimated numbers of older adults with disabilities who likely will need LTSS, further driving up demand and costs.

The challenge to policymakers is to respond to the growing need for LTSS and assure adequate safeguards are in place to protect the most frail, LTSS beneficiaries across the various care settings. Budget constraints will affect states’ abilities to meet this demand both now and in the future, and cuts to federal Medicaid spending could jeopardize access to this care for high-cost, vulnerable populations including seniors.

To help be a part of the solution, AHCA has developed a framework for Medicaid finance reform comprised of the policy principles listed below. AHCA welcomes the opportunity to work with Congress and the Administration on innovative ideas that can address the real challenges ahead in terms of providing quality LTSS, while preserving the Medicaid safety net.

**Medicaid Finance Reform Principles**

- Any revisions to the state-federal Medicaid partnership must recognize the changing demography of our nation (e.g., rising numbers of older adults, disability prevalence) and ensure adequate funding for long term services and supports.

- Proposals must include minimum federal standards to ensure adequate access to needed services.
• Because Medicaid is the key source of long term services and supports financing, no changes to Medicaid-financed services for long term care populations should be made until viable private options have been identified.

• Proposals should promote individual planning for long term services and supports.

• Proposals must emphasize efficiency by focusing on funding only services that are medically necessary. Financing for these medically necessary services must be sufficient to support high quality of care.

• Policymakers must ensure that any transition to a new Medicaid payment and delivery system is gradual and allows for adequate consumer and provider input on the implementation process.

• Any Medicaid reimbursement program based on quality of care or efficiency should be developed collaboratively, involving all stakeholders. It should recognize differences among provider types and the people they serve.

• Any reform effort must address Medicaid financing challenges, including the counter-cyclical nature of the Medicaid program and heavy reliance upon upper payment limit-related financing mechanisms.

• Proposals should not shift costs from the federal government onto states, local governments, or providers.

Contact

Mike Cheek, Vice President
Medicaid & Long Term Care Policy
American Health Care Association
mcheek@ahca.org