

Fact Sheet

The Basics: Medicaid and Long-Term Services and Supports

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What Is Medicaid?

Medicaid is the nation's largest public health insurance program, serving as a critical safety net for millions of low-income Americans in every state, including low-income parents (many of whom work in low-wage jobs), children, pregnant women, poor seniors, and people of all ages with disabilities.

How Is Medicaid Funded?

States and the federal government share the costs of financing Medicaid based on a funding formula that has been in effect since the program began in 1965. States with lower per capita personal income (compared with the national average) receive more federal funding than those with higher per capita personal income.¹ Under the current financing arrangement, the federal government guarantees that it will share the costs of medically necessary health care and needed long-term services and supports (LTSS) with states.

What Are Some of the Medicaid Eligibility Categories that Help Poor Seniors and People with Disabilities?

Federal law requires states to provide Medicaid to certain *mandatory* populations, including most poor older adults and people of all ages living with disabilities who receive cash assistance through the Supplemental Security Income Program.² In addition, states are required to cover over 11 million low-income Medicare beneficiaries. Called dual eligibles, these individuals—the poorest and sickest of all Medicare beneficiaries—are eligible for full Medicaid benefits (in addition to Medicare) and/or help with some, or all, of their Medicare cost sharing.

States may also receive federal funding to cover optional populations. Examples of optional populations include poor seniors and people of all ages living with a disability who have income at or below the federal poverty level,³ and people who spend so much of their own money on their care—often on LTSS—that they qualify for Medicaid

Medicaid is the nation's largest public health insurance program, serving as a critical safety net for millions of low-income Americans in every state. This Fact Sheet explains the basics of how the program helps millions of people who need long-term services and supports.



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under what is called the Medically Needy Program. In 2015, 32 states and the District of Columbia offered medically needy coverage.^{4,5}

What Are Examples of Medicaid Services that Help Poor Seniors and People with Disabilities?

Federal law requires states to cover *mandatory* benefits such as inpatient and outpatient hospital care, physician services, laboratory and x-ray, home health, rural health clinic services, and nursing home care for people ages 21 and older. States can choose to cover *optional* benefits, including prescription drugs, dental and vision services, personal care, private duty nursing, and home- and community-based services (HCBS; defined below).⁶

What Is Medicaid's Role in Providing Access to LTSS?

LTSS refer to institutional care (e.g., nursing home care) as well as a range of HCBS that enable seniors and people of all ages with disabilities to live safely in their homes and communities. Examples of services provided in home and community settings include help with daily tasks such as eating, bathing, dressing, and transportation. HCBS also encompass help with routine household tasks like housework, meal preparation, and money management. Medicare does not pay for LTSS, but the program will reimburse for short-term nursing home stays and home health services for postacute rehabilitation care. Consequently, Medicaid has become the primary payer for LTSS on behalf of poor seniors and people of all ages with disabilities who need these services to meet their basic needs. In 2013, Medicaid covered 51 percent of the nation's LTSS expenses.⁷

How Many People Receive HCBS with the Help of Medicaid?

Close to 5 million people received Medicaid-funded LTSS in 2012.⁸ Of those, over 3 million (70 percent) received HCBS instead of more costly nursing home care. This finding is consistent with the preferences of seniors and people with disabilities.⁹

Are HCBS Cost Effective?

Yes, HCBS are cost effective. In fact, Medicaid pays nearly three times as much per person in institutional settings as it does per individual receiving home- and community-based LTSS. This is true across populations, including older people, adults with physical disabilities, and people with intellectual disabilities.¹⁰

Is There a Need to Increase Access to HCBS?

Yes. When the federal government established the Medicaid program in 1965, states only had to provide nursing home care to people who needed LTSS—a policy often referred to as the *institutional bias* in Medicaid. Although states have come a long way in making HCBS available to more people,¹¹ the institutional bias in Medicaid continues to exist. In contrast to institutional care, states can limit access to HCBS by establishing waiting lists. In 2015, more than a half million people were on waiting lists to receive HCBS.¹² In addition, there are significant disparities in access to HCBS by population group. Among younger people with disabilities, 63 percent of Medicaid LTSS spending goes to HCBS, compared with just 28 percent for poor seniors.¹³ Long waiting lists and disparities in spending by age demonstrate a need to continue to work toward making these important services available to *all* eligible populations when they need them, on the same basis as states provide access to institutional care.

For references go to: <http://bit.ly/2IY6gY9>

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