

# Medicaid and LTSS

## FACT SHEET



**DISABILITY  
POLICY  
SEMINAR**

WASHINGTON, DC

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### Background

**Medicaid:** Medicaid is the nation's primary health insurance program for people with significant disabilities and low-income populations. The program currently covers over 10 million non-elderly people with disabilities.

Medicaid is a jointly funded program with matching state and federal funds. The federal government pays on average 62.8 percent of the cost, though the match rate varies from state to state. Under the current structure the federal government has a commitment to help states cover costs, and in turn states are required to provide specific benefits to certain groups of people, including individuals with disabilities. Within the basic requirements of the program, states have substantial flexibility to administer the program and to add services and additional beneficiary categories.

**Long Term Supports and Services:** The federal/state Medicaid program is the major - sometimes the *only* - source of funding for long term supports and services (LTSS) that many people with intellectual and developmental disabilities (I/DD) rely on to live in the community. This effective and cost efficient program allows people with I/DD to live and work among their neighbors.

Many states, however, have long waiting lists for participation in such Medicaid-funded community-based supports and services. Due to medical and technological advances, people have longer life expectancies and often live with aging parents. As the population ages, the need for LTSS will increase for both people with I/DD and their caregivers.

The Affordable Care Act (ACA) included a number of provisions designed to assist states to rebalance their long term supports systems and invest in the community instead of costly and outdated institutions. These include extending the Money Follows the Person Program, adding the Community First Choice Option (CFC) (Sec. 1915 (k)) and improvements to the State Plan Home and Community-Based Services Option (Sec.1915(i)).

### Key Issues

**Medicaid Per Capita Caps:** Under a Medicaid per capita cap, the federal government would set a limit on how much to reimburse states based on the number of people enrolled in the program. Unlike current law, it is expected that a per capita cap model would not adjust for changes in the costs of providing supports and services beyond the cost growth limit. To achieve federal savings, the per capita growth amounts would be set below current spending and the projected rates of growth. Per capita caps are a significant cost shift to states. To make up the lost federal funding, states will have to consider raising state taxes or reducing eligibility, limiting services and supports, cutting reimbursements to providers, or taking

other drastic steps. Ultimately the health and wellbeing of the individuals who need support from the Medicaid program are at risk.

**Medicaid Block Grant:** A block grant is a funding structure that provides states with a fixed amount of federal money to fund its Medicaid program. A block grant would effectively end the flexible state and federal partnership. States would be responsible for covering the costs beyond the federal allotment. Deep cuts in federal spending on Medicaid and block grants would be a cost shift to already cash strapped states. The effect of a block grant is the same as a per capita cap proposal. States will have to consider reducing eligibility, limiting services and supports, cutting reimbursement to providers, or any number of methods to replace the lost federal contribution. Again, this would ultimately cause substantial harm to people who depend on the Medicaid program for support.

**LTSS Crisis:** Much more needs to be done to address the looming need for an affordable and accessible system of LTSS that complements the Medicaid program. People should not have to become impoverished in order to become eligible to receive needed LTSS. Finding ways to address the need for LTSS before people become impoverished can save Medicaid dollars. Steps must be taken to remove the institutional bias of federal programs, waiting lists must be addressed, and Congress should strengthen the right to a full life in the community.

## Recommendations

- Congress must understand that Medicaid is a necessity to people who have I/DD and their families!
- Congress should protect the individual entitlement to Medicaid.
- Congress should reject reductions or caps to the Medicaid program, and reject any effort to block grant Medicaid.
- Congress should address the nation's need for an affordable, accessible system of health care and long term supports and services.
- Congress should not repeal the Affordable Care Act without simultaneously replacing it with a law that maintains or improves the coverage, including the long term services and supports change, in the ACA.
- Members of Congress should act to remove the institutional bias of federal programs, eliminate waiting lists for LTSS, and to strengthen the right to community living for individuals with disabilities.

## Relevant Committees

House Energy and Commerce Committee

Senate Finance Committee

Senate Health, Education, Labor and Pensions (HELP)

**For more information**, please contact The Arc at (202) 783-2229, Association of University Centers on Disabilities at (301) 588-8252, American Association on Intellectual and Developmental Disabilities at (202) 387-1968, National Association of Councils on Developmental Disabilities at (202) 506-5813, Self-Advocates Becoming Empowered at [SABEnation@gmail.com](mailto:SABEnation@gmail.com), or United Cerebral Palsy at (202) 973-7109.