

PROTECT MEDICAID!

Shortsighted Cuts Will Endanger the Lives and Jobs of Millions

As part of a broader agenda to slash federal funding for critical health and social service programs, the 119th Congress is considering deep and lasting cuts to Medicaid. If enacted, these cuts would endanger millions of older adults, people with disabilities, and people with serious illnesses who rely on the program, including but not limited to those who rely on Medicaid for their long-term care. Cuts would also devastate the direct care workers who provide those services—with cascading negative effects on quality of care, on the lives and livelihoods of family caregivers, and on our nation's economy.

Medicaid is Fundamental to Long-term Care

Medicaid is the primary payer for long-term services and supports in our country, since Medicare and private health insurance do not normally provide long-term care coverage. Medicaid covers home and community-based care for 7.8 million Americans, while also covering care for 1.5 million in nursing homes across the country (that is, six out of every ten nursing home residents). Despite the program's vast reach, many people do not realize that their own (or a loved one's) care is provided by Medicaid, since the program goes by different names in different states (like TennCare or Medi-Cal) and can be operated through private insurance companies (like UnitedHealth or Centene).

Medicaid is a critically needed social safety net program. Before Medicaid will begin paying for long-term care services, applicants must demonstrate that they do not have other insurance that would pay for care, that they do not have sufficient income or assets, and that they have a clinical need for help with activities of daily living. Nationally, older adult and disabled beneficiaries make up 21 percent of Medicaid recipients but account for 52 percent of spending due to often-complex care needs; accordingly, cuts to Medicaid *will have a disproportionate impact on services and supports for the Americans who need them most.*

Medicaid is Fundamental to the Quality of Direct Care Jobs

More than five million direct care workers—personal care aides, home health aides, and nursing assistants—provide essential daily care and support across care settings. Medicaid is the largest payer for all long-term services and supports (LTSS) in the U.S., accounting for more than 44% of all LTSS expenditures. Direct care workers assist individuals with activities of daily living, such as bathing, dressing, and eating. They manage medications and monitor chronic conditions, depending on their role, and may provide support with tasks like scheduling, attending appointments, or engaging in community activities or employment. Direct care workers foster independence, help overcome social isolation, and serve as a key link between individuals receiving care, family members, and other health care and social service professionals. In many cases, they are a lifeline for clients.

Driven by an aging population that is living longer with more complex conditions, demand for direct care will continue to rise. In fact, direct care jobs represent our nation's largest occupation with the most anticipated growth. It is estimated that this sector will add nearly 860,000 new jobs to the economy between 2022 and 2032.

Despite their importance, the jobs held by direct care workers are undervalued. As documented in PHI's Workforce Data Center, the median wage for direct care workers is \$16.72 per hour, resulting in 37 percent of the workforce living in or near poverty. Nearly half (49 percent) access public benefits in order to make ends meet, including 31

percent who rely on Medicaid for their health care coverage. Poor job quality and limited training and advancement opportunities are pushing potential and existing direct care workers into other fields that offer better pay, benefits, and career progression. As a result, employers struggle to recruit and retain workers, despite the high demand for their services.

Medicaid cuts will further magnify challenges to the quality of direct care jobs, and worsen recruitment and retention challenges. Loss of coverage for individuals will cause providers to reduce workers' hours. Some employers may close down altogether. The destabilization of the LTSS operating landscape will make it more difficult for workers to achieve stable schedules and a livable wage. Many workers will also be at risk of losing their own Medicaid coverage, alongside other essential supports.

A shortage of workers and services will force family members to stay home from work and out of the economy to care for loved ones, with a disproportionate impact on women. People who might otherwise receive care at home may be institutionalized at an even greater expense to themselves and the government. Long-term care facilities are already facing capacity challenges and will also be directly impacted by Medicaid cuts, limiting their ability to meet additional demand for care. Ultimately, many will go without essential services and supports, driving higher costs for other health care service providers, including hospitals and emergency departments.

At a time when we should be investing in care to respond to our country's changing demographics, cuts to Medicaid will result in a dramatic decline in quality direct care jobs, with significant ramifications across our economy.

261 Madison Avenue, Suite 913
New York, NY 10016

Phone: 718.402.7766

Email: info@PHInational.org



A CALL TO ACTION: PROTECT MEDICAID FROM DANGEROUS CUTS

Congress must protect Medicaid and ensure that a robust direct care workforce is available to meet the care and support needs of older adults, people with disabilities, and people with serious illnesses.

Federal Medicaid cuts will have a significant and detrimental impact on state budgets. In fiscal year 2022, the federal government provided nearly 70 percent of Medicaid funding, which translated to approximately 21 percent of total state expenditures. Federal cuts will pressure states to make financial trade-offs between raising taxes, cutting discretionary programs, and reducing Medicaid expenditures through eligibility limitations and program restrictions. Ultimately, states will be forced to reduce Medicaid services, particularly home and community-based services (which they are not required to provide through Medicaid). These cuts will have dire consequences for the health and well-being of state residents, further erode states' long-term care infrastructure, and drive up the overall costs of health care.

Whatever short-term cost savings (if any) may be achieved through Medicaid cuts will be vastly outweighed by the economic and caregiving challenges that such cuts will bring for millions of families across our nation.

Cuts to Medicaid will have repercussions throughout our health care system and overall economy, weakening long-term care infrastructure in every state and risking the lives and livelihoods of millions. It is short-sighted and wrong to balance a budget on the backs of those served by and employed through Medicaid. We need our leaders to invest in America's future—and to protect the very programs that anchor our nation's economy.