



## Why Medicaid Works – and Why AHCA Cuts are Wrong

**One in five Americans is covered by Medicaid**, according to the Kaiser Family Foundation; these individuals range from the elderly to the chronically ill, to low-income families to persons with disabilities.

Nearly 8 in 10 Medicaid recipients are part of working families struggling to maintain health care coverage while supporting loved ones financially.

New York State's Medicaid program, the nation's second largest (after California), serves the health care needs of over **6.1 million beneficiaries**, many of whom would otherwise go without coverage.

### How Medicaid Works

The federal government establishes baseline eligibility and service requirements that states must offer recipients in their Medicaid programs. In turn, the state and federal governments each pay a share of every state's program costs. States can also receive federally approved waivers for program flexibility under their Medicaid programs, or they can apply to receive a higher "match" of federal funds as an incentive to expand services (i.e., expansions for certain populations with unmet needs, certain types of services, or to cover different income thresholds). Such is the case with the Medicaid expansion option provided by the Affordable Care Act. **This flexibility is vital to the success of Medicaid.**

### Why Medicaid Works

- Medicaid covers populations with some of the most complex and costliest health conditions who otherwise would go without care.
- Spending caps, like New York's, and other program constraints help control costs to state and federal governments. The current federal and state cost-sharing mechanism provides flexibility for getting people covered in the event of unforeseen economic downturns, disasters, or other regional trends.
- The current structure of Medicaid offers leverage for federal innovations to drive down costs through reinvestment programs like New York's Delivery System Reform Investment Payment (DSRIP) program.
- **Medicaid is virtually the only program that consistently – or at all – covers long term care services and supports in the home.** These services are cost-effective, as they provide interventions that reduce the need for nursing home care or the prevalence of hospitalizations.



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## New York's Medicaid Program & the Home Health Care System

Approximately 350,000 New Yorkers receive home care services under Medicaid. The American Health Care Act's cuts and structural changes to Medicaid would be devastating to this cost-effective system.

Over 150 state and federally certified home health agencies in New York provide: nursing, physical/occupational therapy, speech-language therapy, social work, audiology, respiratory therapy, nutritional counseling, and more. Further, approximately 1,000 New York State licensed home care service agencies provide home health aide, personal care aide, and other support services in the community.

Medicaid is the main source of home care reimbursement in New York State and, **thus, it provides a vital, irrevocable safety net.**

Private insurance coverage of home care is meager (at 4%), versus 49% covered by Medicaid, and 45% covered by Medicare.

While Medicare does cover a significant portion of overall home health services, **it does not cover long-term home care**, given that Medicare (the public program for the elderly) **only covers home care services for a short duration.**

Consumer confusion over this point was made clear in a recent Associated Press-NORC Center for Public Affairs Research poll (May 2017) which found that "fifty-seven percent [of respondents] plan to rely on Medicare quite a bit or completely for their own ongoing living assistance if and when they need it, *even though Medicare does not cover most nursing care or home health aides.*"

**Thus, contrary to public perception, Medicaid – not Medicare – is the sole foundation for comprehensive long term home care; without Medicaid, there would be virtually no long term home care option at all.** These services for long term, complex chronic health conditions or disabilities prevent hospitalizations, help patients avoid unnecessary nursing home admission and reduce costs.

Not only is Medicaid a vital safety-net, but studies show that further investment – not cuts – to Medicaid home care are needed to effectively rebalance the system. A recent study by AARP, The Commonwealth Fund and the Scan Foundation rated states on their Medicaid long term care systems, and found that only nine states and the District of Columbia spent more on home- and community-based services than on nursing home care, according to the report. (New York is not one of the nine states.) The report underscores the need for more Medicaid resources to be invested in Medicaid long term home care, not less. Notably, the report indicates that the following would need to occur if New York State were to "improve its performance to the level of the average of the top-five-performing states":

- \$2,152,500,000 more would go to home- and community-based services instead of nursing homes.
- 9,294 more low-/moderate-income adults with disabilities would have Medicaid coverage.
- 111,570 more people of all ages would receive Medicaid long term services and supports to help them with daily activities.



## Medicaid Needs More Investment, Not Cuts

HCA urges New York's Congressional Delegation to protect Medicaid from the severe, destabilizing cuts proposed in federal health care legislation and in President Trump's proposed federal budget. These cuts include \$616 billion over ten years under the President's federal budget proposal and \$800 billion in cuts under the House's American Health Care Act (AHCA). These cuts would rock the insurance marketplace, increase the ranks of uninsured Americans by 23 million (by 2026), cost the jobs of between 305,000 and 713,000 home health aides and personal care aides (according to one estimate), and cut Medicaid enrollment by 17 percent – All of this at a time when more investment is needed in Medicaid, especially in Medicaid home care, not cuts.