

Cutting Medicaid Harms Older Adults No Matter How It's Sliced

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Medicaid Is a Lifeline for Older Adults

Nearly 80 million people, including nearly 13 million older adults and people with disabilities, rely on Medicaid for health and long-term care. Without Medicaid, most older adults who need help with daily activities would not be able to afford home-based or nursing facility care. Medicaid helps millions of older adults pay their Medicare cost-sharing and also covers vital benefits that Medicare does not, such as dental, vision, hearing, and non-emergency medical transportation. Many paid and unpaid caregivers for older adults also rely on Medicaid for their own health coverage.

Medicaid “reform” proposals that aim to take federal funding away from states or restrict eligibility would all lead to the same result: older adults losing access to health and long-term care. Here’s what is at risk for older adults if policymakers implement these proposals.

Cap or Cut Federal Medicaid Funding to States

Medicaid is a state-federal partnership that guarantees federal financial support to every state to provide essential health and long-term care to older adults and other people with limited income and savings. As the number of older adults who need long-term care grows and state Medicaid costs increase, the federal government helps meet those rising costs by matching a percentage of each dollar the state spends. Here are three ways proposed “reforms” would cut Medicaid funding:

- 1. Under block grants or per capita caps**, states would receive a fixed amount of federal Medicaid funding, regardless of actual costs. This means federal funding would no longer keep up with increased costs, shrinking Medicaid over time for all populations, including older adults, and preventing adequate response during emergencies such as pandemics or natural disasters when Medicaid has historically been a key resource.
- 2. Reducing the federal match (Federal Medical Assistance Percentage or FMAP)**, including removing the minimum 50% FMAP, would shift costs to states, forcing them to cut overall Medicaid spending. Ending the enhanced 90% FMAP for Medicaid Expansion, which covers millions of older adults under age 65 as well as paid and unpaid caregivers, would automatically end expansion in several states and force other states to scale back Medicaid programs and services that older adults rely on.

3. **Restricting allowable provider and insurer taxes**, which every state uses to help fund all of their Medicaid programs, would reduce state budgets and force Medicaid cuts.

All of these proposals would starve Medicaid, **forcing states to reduce spending by cutting programs and services** that federal law does not require to be covered. The **first target will be the home and community-based services (HCBS)** that older adults and people with disabilities rely on daily because these programs account for a large share of Medicaid spending. Other benefits like dental, vision, and hearing, as well as expanded eligibility for Medicare Savings Programs and nursing facilities would also be on the chopping block.

With reduced Medicaid budgets, states would also cut provider payment rates, **reducing provider access and worsening direct care workforce shortages**. As a result, older adults would have a harder time finding HCBS providers and people living in nursing facilities would be at increased risk of poor care.

Limit the Number of Eligible Individuals Who Enroll in Medicaid

Because Medicaid eligibility and enrollment is complicated, many older adults who are already eligible for HCBS, Medicare Savings Programs, and other benefits are not enrolled. Some proposed Medicaid “reforms” aim to capitalize on this complexity to prevent enrollment and take away coverage from eligible people. Here are two ways imposing additional red tape would cut Medicaid:

1. **Repealing the recently finalized Streamlining Medicaid Eligibility and Enrollment rules** and other regulations would [threaten federal actions currently underway to help eligible individuals access and maintain Medicaid](#). These rules help older adults with low, fixed incomes and few assets by simplifying asset verification, limiting the frequency of eligibility redeterminations, automatically enrolling people on SSI into the Qualified Medicare Beneficiary program, and allowing people with disabilities to project their HCBS expenses when spending down to Medicaid eligibility.
2. **Adding red tape such as work requirements** would [make it harder for older adults and their caregivers to keep Medicaid](#). Experience shows work requirements will take away coverage from older adults and people with disabilities who are already working, are retired or have difficulty finding work, and family caregivers. Such red tape also puts older adults age 65 and older at risk of gaps in access to health care by slowing down program administration, including timely processing of Medicaid applications for all populations.

The primary aim of these repeals and red tape would be to take away Medicaid to cut spending, despite increasing costs to administer needlessly complex eligibility and renewal processes.

Any Size Medicaid Cut Will Take Care Away from Older Adults

Regardless of what shape or size these “reforms” take, they are all cuts with the same explicit goal: to reduce Medicaid spending to pay for other priorities such as tax cuts for the wealthy and corporations. The result of every cut is also the same: taking away health care and HCBS from older adults, people with disabilities, and their caregivers.

Justice in Aging Resources

[Medicaid Work Requirements: Red Tape That Would Cut Health Coverage for Older Adults](#) (2023)

[Medicaid Funding Caps Would Harm Older Americans](#) (2017)

[Final Rule to Streamline Access to Medicaid](#) (2024)