



## Medicaid: Providing Long-Term Care and Home Health Services for Millions

Medicaid plays a critical role in providing long-term services and supports (LTSS) to seniors, persons with disabilities, and other individuals with chronic conditions. In FY2013, Medicaid covered LTSS benefits for 4.1 million individuals via fee-for-service arrangements<sup>1</sup>, and for many others via managed care arrangements. Medicaid is also one of the largest payers for the services provided by workers in nursing and residential care facilities and home health and direct service providers – industries that in 2015 employed roughly 4.8 million workers nationwide.<sup>2</sup> Any proposals to slash Medicaid funding would undermine states' ability to provide LTSS to the most vulnerable and would substantially cut funding to industries that employ thousands of workers in every state.

### Need for Medicaid LTSS Coverage

LTSS can be incredibly expensive and can rapidly eat through even the best-prepared family's savings. In 2016, the median annual cost for a year of home health aide services was over \$46,332 and the median cost for a semi-private room at a nursing facility was \$82,125.<sup>3</sup> Health insurance does not generally cover LTSS costs, Medicare coverage is very limited, and private long-term care insurance is unaffordable for many Americans.

Medicaid is the largest single payer of LTSS costs, and covers approximately half of LTSS costs nationwide.<sup>4</sup> In FY2014, combined federal and state Medicaid spending on LTSS totaled \$152 billion.<sup>5</sup>

### Keeping People in their Homes and Communities

While in the past Medicaid focused primarily on providing LTSS in institutional settings, state Medicaid programs have increasingly focused on enabling beneficiaries to receive the care they require in their homes and communities. This is, in part, thanks to the Affordable Care Act (ACA), which expanded home- and community-based services (HCBS) options for state programs. The majority of national Medicaid LTSS expenditures now go to HCBS.<sup>6</sup>

In FY2014, Medicaid LTSS spending included \$80.6 billion in HCBS costs.<sup>7</sup> This money not only helped millions of individuals receive their care and supports

where they preferred – close to loved ones and in their communities – but also helped pay the salaries of thousands of home healthcare and direct service workers across the country. As of 2015, over 1.3 million individuals worked in the home healthcare services industry, and this number is only likely to increase as the population ages and demand for such services grows.<sup>8</sup>

Since HCBS services are optional under Medicaid, an overall reduction in program funding will likely result in states limiting or eliminating the ability of individuals requiring LTSS to receive HCBS. It may also result in job loss for workers employed in the direct care industry.

### Providing Institutional Care When it is Needed

Some individuals requiring long-term care who cannot stay in their homes and communities may need institutional care. State Medicaid programs are currently required to cover the costs of such care for all persons who meet state eligibility criteria.

In FY2014, Medicaid covered \$71.2 billion in institutional LTSS costs.<sup>9</sup> This money helped cover the high costs of institutional care for millions of families who could not afford it, and also helped pay the salaries of institution employees throughout the country. As of 2015, nearly 3.5 million individuals were employed in the nursing and residential care facilities industry.<sup>10</sup>

*For state-level estimates of the industry employment figures presented here, see reverse.*

<sup>1</sup> MACPAC, "MACStats: Medicaid and CHIP Data Book" (2016).

<sup>2</sup> Figure is the total average annual employment in the nursing and residential care facilities industry and the home health care services industry in 2015. Estimates exclude proprietors, the unincorporated self-employed, unpaid family members, and certain farm and domestic workers. As data is derived from employer records, some workers holding multiple jobs may be counted more than once. Estimate includes individuals working in the private and public sectors. Estimate is derived from Bureau of Labor Statistics' Quarterly Census of Employment and Wages data available at <https://www.bls.gov/cew/home.htm> (last accessed March 2017).

<sup>3</sup> Genworth Financial, "Cost of Care Survey 2016," available at <https://www.genworth.com/about-us/industry-expertise/cost-of-care.html> (last accessed March 2017).

<sup>4</sup> The Kaiser Family Foundation estimated that in FY2013 Medicaid covered 51% of all LTSS costs. Note that this calculation excluded Medicare spending on post-acute care from its calculation of total LTSS spending. Erica Reaves and MaryBeth Musumeci, "Medicaid and Long-Term Services and Supports: A Primer," Henry J. Kaiser Family Foundation (2015).

<sup>5</sup> Estimate includes spending on fee-for-service and managed-care arrangements. Estimate does not include expenditures for managed care in California, Massachusetts, and North Carolina. Steve Eiken et al, "Medicaid Expenditures for Long-Term Services and Supports (LTSS) in FY 2014: Managed LTSS Reached 15 Percent of LTSS Spending," Truven Health Analytics (2016).

<sup>6</sup> Ibid.

<sup>7</sup> Ibid.

<sup>8</sup> See footnote 2. Estimate is 2015 annual average derived from Quarterly Census of Employment and Wages data.

<sup>9</sup> Steve Eiken et al, (2016).

<sup>10</sup> See footnote 2. Estimate is 2015 annual average derived from Quarterly Census of Employment and Wages data.

**Private-Sector Employment By Medicaid-Related Industry  
(2015 Annual Averages)**

	Private-Sector Nursing and Residential Care Facilities Industry Employment	Private-Sector Home Health Care Services Industry Employment	Private-Sector Total for Both Industries
Alabama	44,344	12,089	56,433
Alaska	4,459	1,778	6,237
Arizona	50,348	20,808	71,156
Arkansas	30,934	4,984	35,918
California	282,811	79,549	362,360
Colorado	42,568	16,575	59,143
Connecticut	62,878	14,653	77,531
Delaware	12,093	3,174	15,267
District of Columbia	7,480	7,097	14,577
Florida	185,134	70,395	255,529
Georgia	59,125	23,010	82,135
Hawaii	8,216	4,081	12,297
Idaho	14,149	7,970	22,119
Illinois	140,838	44,754	185,592
Indiana	79,128	20,017	99,145
Iowa	56,038	7,685	63,723
Kansas	40,645	7,237	47,882
Kentucky	42,570	8,785	51,355
Louisiana	42,230	21,610	63,840
Maine	22,981	3,801	26,782
Maryland	70,270	18,325	88,595
Massachusetts	103,595	44,175	147,770
Michigan	105,226	39,174	144,400
Minnesota	106,253	23,637	129,890
Mississippi	24,241	7,205	31,446
Missouri	74,328	21,074	95,402
Montana	12,663	2,745	15,408
Nebraska	29,767	3,108	32,875
Nevada	13,097	4,765	17,862
New Hampshire	14,888	4,208	19,096
New Jersey	94,394	47,086	141,480
New Mexico	13,778	13,037	26,815
New York	236,877	166,891	403,768
North Carolina	99,671	41,675	141,346
North Dakota	16,122	582	16,704
Ohio	168,519	62,334	230,853
Oklahoma	34,634	15,156	49,790
Oregon	48,335	5,304	53,639
Pennsylvania	202,150	50,973	253,123
Rhode Island	18,267	5,052	23,319
South Carolina	39,043	13,497	52,540
South Dakota	12,764	1,386	14,150
Tennessee	61,636	19,789	81,425
Texas	180,399	254,630	435,029
Utah	25,569	7,653	33,222
Vermont	7,416	2,320	9,736
Virginia	74,219	27,150	101,369
Washington	62,395	10,698	73,093
West Virginia	18,530	7,634	26,164
Wisconsin	79,564	14,049	93,613
Wyoming	4,379	554	4,933

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, available at <https://www.bls.gov/cew/home.htm> (last accessed March 2017).

Note: Estimates exclude proprietors, the unincorporated self-employed, unpaid family members, and certain farm and domestic workers. As data is derived from employer records, some workers holding multiple jobs may be counted more than once. Only private-sector employment is shown due to a lack of state-level data for many states on industry employment in the public sector, although this data is available at the national level. Additionally, Medicaid supports jobs in other related industries not included here, for example, the Services for the Elderly and Persons with Disability industry.

<sup>1</sup> According to BLS, this industry provides "residential care combined with either nursing, supervisory, or other types of care as required by residents." Contained within this industry are the following sub-industries: Nursing Care Facilities (Skilled Nursing Facilities); Residential Intellectual and Developmental Disability, Mental Health, and Substance Abuse Facilities; Continuing Care Retirement Communities and Assisted Living Facilities for the Elderly; Other Residential Care Facilities.