



June 29, 2011

RE: The American Geriatrics Society Addresses Federal Budget Proposals to Reduce Funding for Medicaid

Dear Senator,

In light of the ongoing federal budget discussions and proposals to reduce funding for Medicaid, the American Geriatrics Society (AGS) is writing to urge you to consider our nation's vastly increasing population of older adults, many of whom will inevitably need to rely on Medicaid. The AGS, a not-for-profit organization of over 6,000 health professionals, is devoted to improving the health, independence and quality of life of all older people. As the nation's largest not-for-profit membership organization dedicated to the care of older Americans, the Society aims to provide leadership to healthcare professionals, policy makers and the public by implementing and advocating for programs in patient care, research, professional and public education, and public policy.

As a standing federal--state partnership, Medicaid is the largest source of financing for nursing home and community-based long-term care.

Of the 10.3 million Americans who currently rely on long-term care services, 5.9 million, or 58% are aged 65 or older.ⁱ With the baby boomer generation representing a disproportionately large segment of the population, and well on its way to retirement, it is projected that an even larger percentage will be depending on Medicaid by 2030. In many circumstances, Medicaid is the only option available to low-income seniors in need of critical long-term care services not covered by Medicare. The Medicaid program is a vital support for low-income seniors, most of whom have several chronic conditions and are often the health care system's most frail and vulnerable patients. As of 2007, dual eligibles accounted for 15% of the Medicaid population. Of that, 5.5 million (9.4%) were those low-income seniors eligible for both Medicare and Medicaid.ⁱⁱ

As a result of the current economic downturn, states have begun to make cuts to their Medicaid spending. The House-passed proposal to cap federal spending, and create block grants, could be hazardous to our nation's seniors, the rising number of aging baby boomers, and their caregivers. According to the Congressional Budget Office, under the Medicaid block grant proposal, federal funding for Medicaid would fall 35% by 2022, and 49% by 2030ⁱⁱⁱ --the peak at which the boomer generation will be in need of Medicaid's support. Under the House proposal, states would receive a fixed amount of federal Medicaid funding, notwithstanding actual need or program costs. Some of the risks associated with this approach include:

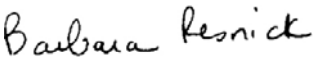
1. *Nursing Home Care*: Block grants would eliminate the federal requirement to cover nursing home care. Yet, half of all nursing home residents have dementia and many have little or no family caregiver to assist with this care. These individuals have no other resources to help cover the costs of their care.
2. *The Workforce*: If federal funding is cut, states are likely to reduce program eligibility and services, and reduce payments to providers – seriously hampering efforts to build up the already struggling direct-care workforce.
3. *Caregivers*: Medicaid provides financial protection to the spouses of people in nursing homes, and it provides support to family members and others who are caring for a loved one. The program cuts could jeopardize this support.

4. *Optional Coverage*: Federal regulations currently require Medicaid coverage of nursing home care, while states have the option to use Medicaid funding to cover home and community-based care. With potential cuts to federal support, many states are proposing the elimination of optional coverage. This means that seniors would lose the possibility to receive services in their homes, unnecessarily forcing them into costly nursing homes for care.
5. *Un-Accountable Events*: Under a block grant, funding would not increase if a state's Medicaid costs unexpectedly rose, as in response to an epidemic, economic downturn, health care inflation, or demographic shifts.^{iv}

In the face of the above concerns, the budget plan approved by the U.S. House of Representatives to cut federal Medicaid spending by 50% by 2030 would be detrimental to our nation's ever-expanding older adult population, their caregivers, and the direct-care workforce. As of 2009, **Medicaid paid for approximately 62% (\$125 billion) of America's long-term care costs, including both nursing home care and in-home services.**^v Without this federal support, our nation's low-income seniors will be denied the necessary healthcare support relative to their safety and ability to thrive.

We do recognize the necessity to develop systems that are effective and efficient to care for this growing demographic. However, the sheer block granting approach without thoughtful consideration of the impact on the lives of vulnerable elders would create unintended negative consequences by undermining patient-centered delivery reforms that will, in both the near and longer term, provide quality and coordinated care while reducing costs of health care. In that regard, AGS members strive to provide affordable and high-quality geriatrics team care that optimizes health, various aging in place approaches, and decreases the need for high cost hospital care. The AGS firmly believes that access to quality health care for *all* older adults is vital to healthy aging. Senator, we very much appreciate your close attention and consideration of this important matter. We look forward to being a useful resource moving forward.

Sincerely,


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President


Jennie Chin Hansen, RN, MS, FAAN
Chief Executive Officer

ⁱ The Henry J. Kaiser Family Foundation, "Kaiser Commission on Medicaid Facts-*Medicaid and Long-Term Care Services and Supports*" (March 2011).

ⁱⁱ The Henry J. Kaiser Family Foundation, "Kaiser Commission on Medicaid Facts - *Dual Eligibles: Medicaid's Role for Low-Income Medicare Beneficiaries*" (May 2011).

ⁱⁱⁱ Congressional Budget Office, "Long--Term Analysis of a Budget Proposal by Chairman Ryan" (April 5, 2011).

^{iv} C. Mann, *Medicaid and Block Grant Financing Compared* (Washington, DC: Kaiser Commission on Medicaid and the Uninsured, January 2004). Accessed at [http://ccf.georgetown.edu/index/cms-filesystem--action?file=ccf publications/federal Medicaid policy/medicaid and block grant financing compared.pdf](http://ccf.georgetown.edu/index/cms-filesystem--action?file=ccf%20publications/federal%20Medicaid%20policy/medicaid%20and%20block%20grant%20financing%20compared.pdf).

^v The National Health Policy Forum, The George Washington University. "National Spending for Long-Term Services and Supports (LTSS)" (March 15, 2011).