

# SEN. BOB CASEY and GOV. TOM WOLF



**FIGHTING** *for a* **FAIR SHOT** *for* **FAMILIES, KIDS and SENIORS**

## Medicaid is a Source of Care, Jobs and Economic Activity in Erie County

Republicans in the U.S. House of Representatives recently passed the American Health Care Act, which would slash Medicaid spending by \$834 billion over 10 years and radically restructure the program.<sup>217</sup> In the face of steep cuts, most states would dramatically roll-back program eligibility and the services offered. A cut of this magnitude could jeopardize the \$114.6 million in Medicaid reimbursements received by providers of long-term services and supports (LTSS) in Erie County for the care 3,479 adults over age 55 in Erie County receive in nursing homes or in their homes and communities.<sup>218</sup>

### Seniors deserve to age with dignity.

Long-term services and supports (LTSS) help individuals age with dignity. These services are often expensive and can drain the savings of even the best-prepared family. In 2016, the median annual cost for a year of home health aide services was over \$46,000 and the median cost for a semi-private room at a nursing facility was \$82,000.<sup>219</sup> Health insurance does not generally cover LTSS costs, Medicare coverage is 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>220</sup> Over 123,000 Pennsylvanians age 55 and older received LTSS through Medicaid between July 2015 and June 2016.<sup>221</sup> This resulted in over \$4.3 billion in reimbursements to providers across the state.

- ❖ **Nursing Homes:** Over 80,000 Pennsylvanians over age 55 and older, including 2,167 individuals in Erie County, received LTSS at a nursing home from July 2015 through June 2016. Erie County received \$72.8 million as a result of Medicaid spending for nursing home care during the same time period.<sup>222</sup>
- ❖ **Home & Community-Based Services:** Nearly 50,000 adults age 55 and older in the Commonwealth, including 1,566 in Erie County, received Medicaid home and community-based services from July 2015 through June 2016. In total, providers in the County received \$41.8 million in Medicaid reimbursements for that care. This funding helped older Pennsylvanians receive care and supports in their communities, and remain in their homes.<sup>223</sup>

### Medicaid payments to providers support jobs and generate economic activity.

Medicaid is 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 support over 250,000 people in Pennsylvania during 2015.<sup>224</sup> These services generate \$11.8 billion in economic activity in the Commonwealth.<sup>225</sup> Cutting Medicaid spending, the majority payer for these services, is likely to hinder hiring and impact staffing for these providers and facilities, as well as economic activity in the state.

### Medicaid must be protected from draconian cuts by Republicans so that:

- ❖ **Seniors can continue to receive the care necessary to age with dignity;**
- ❖ **Individuals providing long-term care services will not have to fear job loss; and**
- ❖ **Economic activity across the Commonwealth is not at risk.**

<sup>217</sup> Estimate provided by the Congressional Budget Office of H.R. 1628, the American Health Care Act of 2017. <https://www.cbo.gov/publication/52752>

<sup>218</sup> Data provided by the Pennsylvania Department of Human Services.

<sup>219</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>220</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>221</sup> This number reflects unique Medicaid beneficiaries. Some individuals receive care through an extended stay facility and in their homes and communities.

<sup>222</sup> Data provided by the Pennsylvania Department of Human Services (May 2017) is for Nursing Homes only, not Intermediate Care Facilities.

<sup>223</sup> Data provided by the Pennsylvania Department of Human Services (May 2017).

<sup>224</sup> Bureau of Labor Statistics, Quarterly Census of Employment and Wages, available at <https://www.bls.gov/cew/home.htm> (last accessed March 2017).

<sup>225</sup> Pennsylvania Health Care Association. <https://www.phca.org/for-consumers/research-data/long-term-and-post-acute-care-trends-and-statistics> (last accessed June 2017)