

Preserve Medicaid Structure and Financing



Issue

Under the guise of reform, fundamental changes in the financing and structure of the Medicaid program have been proposed that would convert it into a system of per capita funding allocations to the states. Every state would see a reduction in federal Medicaid funding from current levels.

These proposals for restructuring Medicaid represent bad ethics and bad economy. We oppose these proposals because:

- The major “insurance” plan for nursing home care and other long-term services and supports, by default, is Medicaid. Medicare covers relatively little of this kind of care and few seniors have private, long-term care insurance, which covers less than 5 percent of the cost of current services.
- Two-thirds of Medicaid spending goes toward coverage of health care and long-term services and supports (LTSS) for people aged 65 and over.
- LeadingAge members rely on Medicaid to meet the costs of recruiting, training, and retaining qualified staff as well as other essential operations that ensure high-quality, clinical care and quality of life for nursing home residents and home health clients.
- Per capita caps are unnecessary to give states flexibility in the use of their Medicaid funding. The current system has enabled states to pursue a number of innovations in the delivery of health care and LTSS.
- Under per capita allocations states would receive a fixed amount of federal Medicaid funding, as opposed to the increased federal allocation states now receive when their own spending rises. States would no longer be cushioned against the impact of recessions, epidemics, health care inflation, or growth in the senior population. The burden of increased costs would shift to the states and potentially to individuals and families.

- States would have limited options for absorbing federal Medicaid cuts:
 - Changing eligibility rules to reduce the number of eligible participants
 - Limiting or eliminating services covered by the program
 - Cutting payment rates to service providers, which is already happening in most states
- Federal Medicaid regulations currently require coverage of nursing home care. Reduced financing jeopardizes coverage of the frailest seniors. Half of nursing home residents have dementia; half also have no family caregivers.
- While Medicaid now requires coverage of nursing home care, coverage of home- and community-based services is optional. If states eliminate optional coverage, seniors will lose the opportunity to receive services in their homes; ultimately, these seniors could be forced to prematurely enter residential care settings.
- A loss or reduction in Medicaid coverage would shift the burden of LTSS to seniors and their families. Family members currently provide a large share of LTSS on an unpaid basis, but they also have substantial financial responsibilities for raising and educating children and saving for their own retirement.

Seniors who receive services covered by Medicaid are the frailest and most financially vulnerable members of their communities. They have no other resources to cover the cost of essential services. Their needs will not disappear if they or the services they receive are cut from the Medicaid program.



Solutions

To ensure the continued availability of essential long-term services and supports, LeadingAge urges Congress to:

- Maintain the current Medicaid program structure.
- Resist any proposals to turn Medicaid into a block grant program.
- Resist any proposals to convert the program to a system of per capita allocations.

Contact:

Marsha Greenfield
(202) 508-9488
mgreenfield@LeadingAge.org

Quality Care in Nursing Homes



Quality nursing home care that the public can trust is a fundamental mission of LeadingAge. Our members have pioneered innovations in care and services that have made a major difference in the lives of nursing home residents and their families. LeadingAge and its members have developed and pursued numerous initiatives that continue to move the field forward in quality of care and quality of life for residents.

Nursing homes are regulated by a federal/state survey and enforcement process established under the Omnibus Budget Reconciliation Act of 1987 (OBRA). Thirty years of experience with this system have shown that some of the law's provisions and some of the ways in which it currently is being carried out have unintended consequences that are counterproductive to our common goal of ensuring the highest quality nursing home care. We propose the following changes to the present system:

Congress must pass legislation to end the mandatory certified nursing assistant training lock-out. Nursing homes assessed civil monetary penalties above a certain level, annually adjusted for inflation, (\$10,483 as of 2017), on their annual survey automatically lose their authority to train certified nursing assistants (CNA) who provide the extensive direct care to residents. The mandatory lock-out is a byproduct of the fines a nursing home pays and it lasts for two years. The lock-out is imposed even if the care deficiencies cited on the survey are unrelated to the nursing home's CNA training program.

The loss of CNA training authority runs directly counter to a nursing home's ability to provide the highest quality of care. Correcting problems affecting quality often requires increased staffing and/or increased staff training and education. Preventing a nursing home from training staff is a major barrier to improving the quality of care. It also exacerbates the steep workforce challenges the long-term services and supports field faces.

The following amendments to OBRA must be made:

- Replace the present mandatory two-year disapproval of a nursing home's nurse aide training program with discretionary authority for regulators to disapprove a training program.
- The discretionary authority would be triggered by a civil monetary penalty exceeding the annually adjusted amount which is related to the quality of care given the nursing home's residents.
- Quality of care would be defined as direct, hands-on care. It would include services given by health care professionals or direct care staff.
- The lock-out would end once the nursing home corrected the deficient practice.

Establish standards for training surveyors. Although OBRA established federal standards for nursing home care and federal procedures for survey and enforcement, there are no national standards for training the personnel who carry out the surveys.

Independent watchdog agencies including the Government Accountability Office and the Department of Health and Human Services' Office of the Inspector General have noted the inconsistency of quality standard enforcement across the country. Part of the explanation is the varying resources states make available to the agencies that have the first responsibility for determining nursing homes' compliance with these standards.

Congress should direct CMS to develop federal standards for surveyor training.



Require joint training for surveyors and providers.

Given the complexity of the survey and certification system, it is not uncommon for surveyors and providers to have differing interpretations of nursing home quality requirements, related expectations, and repercussions of deficiency citations, which can compromise the survey process.

Congress should direct CMS to require each state to establish a process for joint training and education of surveyors and providers at least annually and also as changes to regulations, guidelines, and policy governing nursing home operations are implemented.

Alternative survey system demonstrations. OBRA was enacted a generation ago, based on research conducted in the 1970's. The nursing home field has changed dramatically over the last several decades. Yet further innovation is stifled by the necessity of complying with a highly prescriptive regulatory system based on an outmoded profile of the nation's nursing homes.

Many states are anxious to explore alternatives to OBRA to oversee nursing homes and promote high-quality care. While OBRA might allow for state experimentation with alternative oversight systems, most states cannot afford to pursue these innovations while also carrying out the oversight system mandated by OBRA.

Congress should direct the Centers for Medicare and Medicaid Innovation to conduct demonstration programs for states to test alternative nursing home oversight processes. The demonstrations should be structured in ways that demonstrate improved quality of care, quality of life, and safety of residents.

Contact:

Marsha Greenfield, Vice President, Health Legislation

mgreenfield@LeadingAge.org

(202) 508-9488

A Better Way to Finance Long-Term Services and Supports

A Risk We All Face



Half of Adults Age 65+ Will Need a High Level of Care at Some Point

Americans Rely on Unpaid Caregivers



Nearly 2/3 of Older Adults with LTC Needs Living at Home Receive All Help from Unpaid Family and Friends

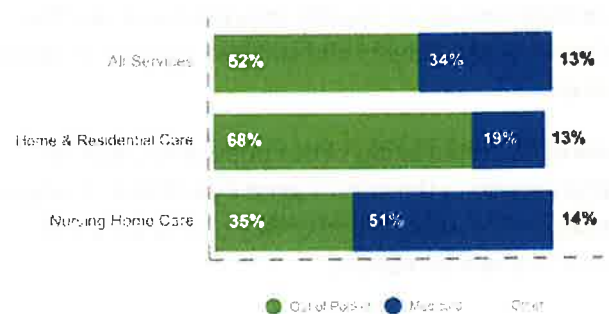
Every American faces a 50/50 chance, that as older adults, we'll need someone else's help with basic activities of daily life like bathing, dressing, eating, and getting in and out of bed.

The expense of long-term services and supports, whether at home, in assisted living, or in a nursing home or other residential setting, catches most families off-guard. Medicare coverage of post-acute care is extremely limited. Average lifetime care costs can add up to \$250,000 per person. Over half of that amount comes out of individuals' pockets; much of the rest is covered by Medicaid.

Many Older Adults Face VERY High LTC Costs Over Lifetime



Medicaid & Out of Pocket Cover Most Lifetime Average LTC Spending



Create a new way of paying for long-term services and supports

- A new system must cover high quality services and protect families from economic peril. LeadingAge recommends a dignity-driven and universal long-term services and supports insurance program grounded in the principles of shared risk and consumer flexibility. That system has three essential features:
 1. **A universal approach to coverage:** The mandatory program would spread risk over a large population, thus lowering expenses for individuals, and increasing overall funding for long-term services and supports.
 2. **A catastrophic benefit period:** The program would finance care for individuals with high needs for long-term services and supports. Benefits could begin after individuals had financed their own care for two years through private long-term care insurance or out-of-pocket spending.
 3. **A “managed cash” benefit structure:** Beneficiaries would use a cash payment to purchase services and supports related to a long-term services and supports need. This flexible approach would ensure that services and supports were tailored to individual needs and preferences.

A long-term services and supports financing system that promotes consumer choice and flexibility will stimulate and reward innovation, quality improvement, and the development of products and services consumers want and need.

In view of the rapid aging of our population, with the swiftest growth in the cohort aged 85 and over, Congress must begin to develop a better way of financing the services that will be needed.

Contact:

Aaron Tripp, Director, Long-Term Care Policy & Analytics
atripp@LeadingAge.org
(202) 508-9433

Affordable, Service-Enriched Senior Housing



The number of cost-burdened senior households is high and rapidly rising, forcing seniors with low incomes to choose between housing costs, health care, and food, and resulting in increased homelessness among older adults.

FY 2019 Appropriations Priorities

	FY17 Enacted	House FY18	Senate FY18	President's Request FY19	LeadingAge Request FY19
HUD Housing					
Section 202 Housing for the Elderly Renewal Funding	\$502M	\$576M	\$573M	\$601M	\$619M
Section 202 Housing for the Elderly New Funding	\$10M	0	0	0	\$630M
Project-Based Rental Assistance	\$10.6B	\$11.1B	\$11.5B	\$10.9B	\$12.2B
HHS Older Americans Act					
Supportive Services	\$350M	\$350M	\$350M	\$350M	\$364.5M
Nutrition: Congregate, Home-Delivered, and Incentive Programs	\$838M	\$838M	\$838M	\$838M	\$874.6M
National Family Caregiver Support Program	\$151M	\$151M	\$151M	\$151M	\$168M

Reject Reforms Proposed by HUD

- As part of its FY19 request, HUD has proposed increasing rents to newly assisted seniors in all HUD programs, including the Section 202 program. HUD is also requesting authority from Congress to not provide contract funding increases to owners, as is currently required by law. LeadingAge opposes these proposals.

Preserve existing housing affordable to very low-income seniors by fully funding 12-month contracts for:

- Project Rental Assistance Contract (PRAC) Renewals, service coordinator Renewals, Senior Preservation Assistance Contracts.** Full funding for the Section 202 account in FY19 is \$619 million, including \$90 million for existing Service Coordinators.

Project-Based Rental Assistance/Section 8 Contract Renewals.

- Fully fund Project-Based Rental Assistance contracts at \$12.2 billion. Section 8 Project-Based Rental Assistance provides operating subsidy for about 3,800 communities (more than 200,000 units) in the Section 202 Housing for the Elderly portfolio, in addition to providing operating subsidy for more than one million additional homes.

Expand the supply of service-enriched affordable senior housing by:

- Expanding the number of existing Section 202 communities with service coordinators by 500 communities (\$30 million new funding for FY19).
- Funding for a new HUD-administered program, the Service-Enriched Affordable Living (SEAL) program (\$600 million for FY19). The SEAL program will serve as a leveraging source of construction funds to nonprofit sponsors for the development of housing affordable to very low-income seniors. In addition to providing a share of capital funding, SEAL funds would include, from HUD, Project-Based Rental Assistance and, from the Department of Health and Human Services, enriched services financing. Providing traditional Project-Based Rental Assistance jointly with funds.
- Financing from the Centers for Medicare and



Medicaid Services of proven housing plus services models in new, federally-assisted senior housing.

- Funding special purpose vouchers for older adult households. Similar to special purpose vouchers for other particularly vulnerable populations, such as the highly successful Veterans Affairs Supportive Housing voucher program (VASH), there should be **special purpose vouchers for older adult households**.

Urge Sufficient Funding for Tenant-Based Rental Assistance and Public Housing

- Funding is necessary to renew all 2.2 million Tenant-Based Rental Assistance vouchers; fully 24% of voucher-assisted households are headed by someone 62 or older. Sufficient funding and preservation tools are also required for the nation's 1.1 million units of public housing; fully 33% of public housing-assisted households are headed by someone 62 years or older. Together with Project-Based Rental Assistance, these three programs serve more than 1.3 million senior-headed households.

Preserve Medicaid and Older Americans Act funding to ensure that all seniors, including HUD-assisted seniors, can receive the community-based services they need.

The President's request to level-fund OAA Supportive Services, Nutrition, and Family Caregiver Support Programs does not acknowledge the inadequacy or effectiveness of current programs. LeadingAge supports modest expansion of HHS's Older Americans Act programs to ensure people age in community with dignity and choice.

- The OAA Supportive Services Program provides information and referrals, case management, in-home care, transportation, adult day care, chore services, and legal services for seniors wishing to age in community. Supportive Services should be funded at \$364.5 million in FY19.
- The OAA Nutrition Program (Congregate, Home-Delivered, and Incentive Programs), delay adverse health conditions for older individuals and promote socialization of older individuals, among other benefits. Nutrition programs should be funded at \$874.6 million in FY19.

- The OAA National Family Caregiver Support Program provides information to caregivers about available services, individual counseling, caregiver training, and respite care. The National Family Caregiver Support Program should be funded at \$168 million in FY19.

Support Low Income Housing Tax Credits

The Low Income Housing Tax Credit Program (LIHTC) is a critical housing production program affordable to low and moderate-income seniors.

Support legislation (S. 548, H.R. 1661) to restore and improve the LIHTC program. Senators Maria Cantwell (D-WA) and Orrin Hatch (R-UT) have introduced S. 548, which would expand the LIHTC program by 50% and make many improvements to the program, including changes that will help the LIHTC program better serve lower income seniors. A 50% LIHTC expansion should make up for the decline in the housing credit's value because of the 2017 tax reform bill. Representatives Carlos Curbelo (R-FL) and Richard Neal (D-MA) are leading the House bill, H.R. 1661, which would make mostly the same improvements to the LIHTC as the Senate bill. LeadingAge supports these bills.

Contact:

Linda Couch, Vice President, Housing Policy

Lcouch@LeadingAge.org

(202) 508-9416