



# A Closer Look:

## What the House Budget Resolution Means for America's Seniors and People with Disabilities

---

Families USA • April 2011

House Budget Committee Chairman Paul Ryan will introduce a budget resolution for fiscal year (FY) 2012 the week of April 4, 2011. This resolution is likely to include significant budget cuts in Medicaid and Medicare, accomplished by limiting spending to levels that are well below projected costs (based on current law). Medicare serves virtually all Americans over the age of 65, as well as millions of people with disabilities who have nowhere else to turn for health care. Medicaid offers essential health coverage for nearly 60 million of the most vulnerable Americans—half of them children. For seniors and people with disabilities, Medicaid finances health care that Medicare doesn't cover, like nursing home and other long-term care. Large spending cuts would fundamentally alter Medicare and Medicaid in ways that would make them less reliable for the people who depend on them and that would shift financial risks for health care costs to consumers and to the states.

The following questions focus on the possible consequences of this budget proposal for seniors and people with disabilities—two groups that would be disproportionately affected by Medicare and Medicaid cuts:

**Q:** Will seniors' access to health care improve or at least stay the same?

**A:** No. For any proposal that arbitrarily cuts Medicare or Medicaid, the answer is no.

America's seniors rely on federally funded health care programs. Some 39 million are enrolled in Medicare. Nearly 6 million of them depend on Medicaid to pay for things Medicare doesn't cover, like long-term care. And Medicaid helps millions of seniors afford Medicare by paying their Medicare premiums and/or cost-sharing. Medicare and Medicaid have long been reliable sources of coverage for seniors, ensuring that they can afford the care they need. Cutting these programs would change that. Medicare and Medicaid would be less reliable. And increases in health care costs would be borne solely by seniors or, in the case of Medicaid, by the states and seniors.

**Q:** Will it keep in place the long-term care safety net for seniors and people with disabilities?

**A:** No. For any proposal that arbitrarily cuts Medicaid, the answer is no.

Medicaid is by far the largest payer for long-term care nationally, covering about 48 percent of all costs and 43 percent of the tab for nursing home care. Cutting Medicaid would place millions of Americans at risk of not being able to afford the long-term care they need. One-third of Medicaid spending is for long-term care for seniors and people with disabilities. For 14.7 million seniors and people with disabilities, Medicaid is a vital safety net that gives them access to care in the community or in nursing facilities, care that Medicare does not cover and that they otherwise could not afford. Cuts would force states to reduce long-term care services and would punch holes in that safety net.

**Q:** Will America's seniors and people with disabilities have more options to receive long-term care in the setting they prefer?

**A:** No. For any proposal that arbitrarily cuts Medicaid, the answer is no.

Most people who need long-term care would far prefer to remain living at home or in the community. Medicaid helps millions do that. More than 40 percent of Medicaid long-term care spending is for care that is provided to people in their homes or in the community. This care helps more than 2 million people stay out of nursing homes. Cuts to Medicaid spending would force states to reduce these services and would place millions at risk of institutionalization.

**Q:** Will American families still be protected from nursing home costs?

**A:** No. For any proposal that arbitrarily cuts Medicaid, the answer is no.

Nursing homes cost an average of \$70,000 a year, which is more than most people can afford. Many seniors and people with disabilities who need long-term nursing home care exhaust their savings paying for care. For them, and for their families, Medicaid is a vital safety net. Medicaid cuts would force states to reduce nursing home coverage and would shift a larger financial burden to nursing home residents and their families.

**Q:** Will family caregivers continue to receive needed support?

**A:** No. For any proposal that arbitrarily cuts Medicaid, the answer is no.

Medicaid helps many of the estimated 52 million family members and others who are informal caregivers. It provides the support that allows them to maintain jobs or simply rest when they need to. Medicaid's support can mean reduced absenteeism and improved productivity for caregivers who work—nationally, businesses lose an estimated \$33 billion each year due to employee caregiving responsibilities. Cuts to Medicaid would force states to limit the programs that help caregivers. That would increase the strain on caregivers, their families, and the businesses they work for.

**Q:** Will funding be adequate to keep our health system strong?

**A:** No. For any proposal that arbitrarily cuts Medicaid, the answer is no.

Medicaid pays for 15 percent of all U.S. health costs and nearly 18 percent of hospital costs. It helps keep health care providers in business and helps fund medical student training. Medicaid cuts would force states to reduce funding for a wide range of health care providers who rely on Medicaid as a source of revenue, including doctors, hospitals, community health centers, home health agencies, nursing homes, public health departments, graduate medical schools, and hospice providers. That would result in job losses and would strain America's health care infrastructure, making it less able to serve all of us.

**Q:** Will we be able to build a workforce to serve our aging population?

**A:** No. For any proposal that arbitrarily cuts Medicaid, the answer is no.

Our population is aging, and we need a much larger long-term care workforce to meet the growing demand for services. Because it is the major payer for long-term care services, a strong Medicaid program will be necessary if we want to build the long-term care workforce we will need for the future. Cuts to Medicaid would force states to reduce services, provider reimbursements, or both. We will fall further behind in creating the workforce we need to serve our nation's growing senior population.

**Q:** Will the proposals help build a strong foundation for the future by helping our children get a healthy start in life?

**A:** No. For any proposal that arbitrarily cuts Medicaid, the answer is no.

Medicaid covers one-third of all children in the United States, making it the largest insurer of children. It also provides insurance for mothers, covering one in three births. Cuts to Medicaid would force states to cut coverage for mothers and children, putting the health of our children at risk. Poor health leads to poor performance in school and later in life. Cuts to Medicaid mortgage our future.

**Q:** Will health care costs be seriously addressed—and in a sustainable way?

**A:** No. For any proposal that arbitrarily cuts Medicaid, the answer is no.

As a nation, we need to address health care spending in a rational, thoughtful way that does not simply shift burdens to America's families, the most vulnerable in our society, health care providers, or from the federal government to the states. Simply shifting costs rather than seriously addressing health care delivery does not resolve problems. It increases financial pain for millions and puts our health system at risk. The Affordable Care Act includes programs that lay the foundation for systematically addressing health care costs. Giving the law a chance to work would be far more thoughtful and responsible, and it might address deficits in a long-term, sustainable way with far less damage to our health care system and to our families.



1201 New York Avenue NW, Suite 1100 ■ Washington, DC 20005

Phone: 202-628-3030 ■ Email: [info@familiesusa.org](mailto:info@familiesusa.org)

[www.familiesusa.org](http://www.familiesusa.org)