

## Protecting Tennessee's Seniors and Residents with Disabilities: Why It Is Important to Preserve the Maintenance of Effort Requirement in the Affordable Care Act

For 149,500 seniors and 296,200 people with disabilities living in Tennessee, Medicaid is a vital safety net that helps them get the critical health care services they need. Medicaid covers services that other programs, including Medicare, do not cover, such as the home health aide and personal attendant services that help people with long-term care needs stay in their communities, as well as nursing home care. The Affordable Care Act includes an important protection that prohibits states from reducing their Medicaid eligibility levels or changing the rules to make it harder for people to enroll in Medicaid. This protection is referred to as the “maintenance of effort,” or MOE, requirement. This Affordable Care Act provision acts as a bridge to 2014, ensuring that important health coverage remains in place until the new law is fully implemented.

Right now, many states, including Tennessee, are considering making cuts to Medicaid. On January 7, 2011, governors from 28 states sent a letter to President Obama and congressional leadership asking Congress to remove the maintenance of effort requirement. Governor Haslam was among those who signed that letter. Stripping this important protection from the law would allow Tennessee to cut Medicaid eligibility, which could place many of its 445,700 seniors and residents with disabilities who rely on Medicaid at risk of losing the health coverage they depend on. And the consequences extend beyond those Medicaid beneficiaries—their families, their communities, Tennessee, and Tennessee’s economy would also be harmed.

### Many Tennessee seniors and residents with disabilities could lose Medicaid coverage

Federal law requires state Medicaid programs to cover very low-income seniors and people with disabilities. States have the option of expanding eligibility levels beyond the minimum required by law—for example, states can add programs to Medicaid that extend eligibility to certain groups with higher incomes. Tennessee is a state that goes beyond the minimum. And, as a result, thousands of additional Tennessee seniors and residents with disabilities have access to the long-term care they need. Without the maintenance of effort requirement, Tennessee could cut back on the programs that have expanded eligibility above the minimum Medicaid requires, putting coverage for many Tennessee seniors and residents with disabilities at risk.

## **More Tennessee seniors and residents with disabilities could be forced into nursing homes**

In Tennessee, approximately 21,000 seniors and people with disabilities, including both adults and children, are able to remain at home, live with their families, and stay in their communities because of Medicaid's home- and community-based programs. These programs provide personal aides, transportation, and other services and supports that help these individuals avoid more costly nursing home care. Without the maintenance of effort requirement, Tennessee could reduce eligibility for many of these programs. As a result, many of the Tennessee who rely on home- and community-based programs could be at risk of losing the help they need to keep living at home.

## **More Tennessee families could face financial hardship due to nursing home costs**

Currently, 38 states set Medicaid income eligibility for people who need nursing home care at the maximum allowed by federal law. Tennessee is one of these states. In Tennessee, nursing homes cost an average of \$60,000 a year, which is more than most people can afford. Many of the Tennesseans 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. Without the maintenance of effort requirement, Tennessee could cut eligibility for nursing home residents who rely on Medicaid, shifting a larger financial burden to them and to their families.

## **"Medically needy" seniors and people with disabilities could lose coverage**

State Medicaid programs are allowed to cover individuals who have higher incomes but who also have high medical expenses, individuals known as the "medically needy." Tennessee is among the states that has one of these programs. The medically needy program provides access to Medicaid coverage for approximately 87,500 Tennesseans who have high medical costs. About 5,000 of the Tennesseans in the medically needy program are seniors or people with disabilities. Many of them qualify as medically needy because of high home care or nursing home expenses; they rely on Tennessee's medically needy program to help them afford the long-term services they need. Removing the maintenance of effort requirement would allow Tennessee to reduce or eliminate its medically needy program.

## Tennessee could make it harder for its seniors and residents with disabilities to enroll or stay in Medicaid

The maintenance of effort requirement also prohibits Tennessee from making enrollment in Medicaid more difficult. In the past, states have made enrollment harder by, for example, requiring more documentation to prove income or assets, changing the way income or assets are calculated to make it harder for people to qualify, or requiring more frequent recertification. These changes make it particularly hard for seniors and people with disabilities to enroll in and retain Medicaid coverage.

## The burden on Tennessee's family caregivers could increase

Medicaid helps many of the estimated 1.1 million Tennesseans who act as informal caregivers for family members, loved ones, and friends, by providing them with support that allows them to maintain jobs or simply rest when they need to. The typical caregiver loses wages and benefits, postpones personal medical care, and cuts back on household spending. Reduced wages and spending hurt Tennessee's tax revenue and economic growth. And businesses are hurt by higher absenteeism and staff turnover among caregivers. Many caregivers have families of their own to support, and Medicaid's added help is particularly critical in these difficult economic times. Without the maintenance of effort requirement, Tennessee could cut Medicaid eligibility, forcing many of its seniors and residents with disabilities out of the program, which would put a further strain on family caregivers at a cost to Tennessee families, businesses, and the state economy.

## Conclusion

Medicaid is a vital program that helps hundreds of thousands of Tennessee seniors, residents with disabilities, and their families. Taking away the protection of the Affordable Care Act's maintenance of effort requirement would place those Tennesseans who rely on Medicaid for care at risk of losing the help they depend on. It would further burden the family members who care for them, which would, in turn, have economic consequences for Tennessee businesses and the state's economy. Removing the protection of the Affordable Care Act's maintenance of effort requirement is a bad idea for Tennessee and Tennesseans.

*Sources available upon request.*

