



**U.S. Department of Health and Human Services  
Assistant Secretary for Planning and Evaluation  
Office of Disability, Aging and Long-Term Care Policy**

# **AN OVERVIEW OF LONG-TERM SERVICES AND SUPPORTS AND MEDICAID: FINAL REPORT**

**May 2018**

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The Office of the Assistant Secretary for Planning and Evaluation (ASPE) is the principal advisor to the Secretary of the Department of Health and Human Services (HHS) on policy development issues, and is responsible for major activities in the areas of legislative and budget development, strategic planning, policy research and evaluation, and economic analysis.

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In particular, DALTCP addresses policies concerning: nursing home and community-based services, informal caregiving, the integration of acute and long-term care, Medicare post-acute services and home care, managed care for people with disabilities, long-term rehabilitation services, children's disability, and linkages between employment and health policies. These activities are carried out through policy planning, policy and program analysis, regulatory reviews, formulation of legislative proposals, policy research, evaluation and data planning.

This report was prepared under contract #HHSP233201600021I between HHS's ASPE/DALTCP and Research Triangle Institute. For additional information about this subject, you can visit the DALTCP home page at <https://aspe.hhs.gov/office-disability-aging-and-long-term-care-policy-daltcp> or contact the ASPE Project Officer, Emily Rosenoff, at HHS/ASPE/DALTCP, Room 424E, H.H. Humphrey Building, 200 Independence Avenue, S.W., Washington, D.C. 20201. Her e-mail address is: [Emily.Rosenoff@hhs.gov](mailto:Emily.Rosenoff@hhs.gov).

**The opinions and views expressed in this report are those of the authors. They do not necessarily reflect the views of the Department of Health and Human Services, the contractor or any other funding organization.**

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# **An Overview of Long-Term Services and Supports and Medicaid**

## **Final Report**

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ASPE would like to acknowledge Joshua Weiner and his steadfast commitment to bettering the lives of older adults and people with disabilities. He was a lion in the field of long-term care policy research and a long-time contributor to ASPE's policy work. Josh died in early 2018.

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## Acronyms

The following acronyms are mentioned in this report.

ACA	Affordable Care Act
ADL	Activity of Daily Living
AIDS	Acquired Immune Deficiency Syndrome
CBO	Congressional Budget Office
CHIP	Children's Health Insurance Program
CMS	Centers for Medicare and Medicaid Services
FMAP	Federal Medical Assistance Percentage
FY	Fiscal Year
GDP	Gross Domestic Product
HCBS	Home and Community-Based Services
HIPAA	Health Insurance Portability and Accountability Act
HIV	Human Immunodeficiency Virus
IADL	Instrumental Activity of Daily Living
IDD	Intellectual and Developmental Disabilities
KCMU	Kaiser Commission on Medicaid and the Uninsured
LTSS	Long-Term Services and Supports
MACPAC	Medicaid and CHIP Payment and Access Commission
MedPAC	Medicare Payment Advisory Commission
SSI	Supplemental Security Income

## Executive Summary

This report examines the role of formal long-term services and supports (LTSS) in Medicaid. It also examines how sociodemographic changes are likely to affect the demand for LTSS in the future, and as a result, Medicaid use and expenditures. The analysis suggests three main themes.

First, the demand for LTSS services is likely to increase dramatically. The increased demand is largely, although not entirely, driven by the aging of the baby boom population. Of particular importance is that the age group with the highest risk of requiring LTSS services is growing faster than the overall population and faster than the population age 65 and older. Dementia related to Alzheimer's disease will play a major role in the increase in demand for LTSS.

Second, LTSS is a major part of the Medicaid program, accounting for about a third of total expenditures, although the percentage has been declining steadily over time. Although the number of Medicaid beneficiaries who are younger people with disabilities has grown substantially over time, the number of elderly Medicaid beneficiaries has barely increased since the early 1990s, despite the growth in the number of older people in the general population. Because people using LTSS have high medical needs and because many younger people with disabilities do not qualify for Medicare, users of LTSS account for 42 percent of total Medicaid medical and LTSS expenditures; older people and younger persons with disabilities account for 56 percent of expenditures. Also, because states have considerable latitude over financial eligibility, covered services and reimbursement, the percentage of total Medicaid spending on LTSS varies widely among states, from 18 percent in Arizona to 61 percent in North Dakota.

Third, Medicaid is the dominant payer for LTSS; for example, 62 percent of nursing home residents have their care paid by Medicaid. Although Medicaid historically has primarily financed institutional services, such as nursing homes and institutions for people with intellectual and developmental disabilities (IDD), federal and state policies have fostered a greater emphasis on home and community-based services (HCBS). This trend has been especially notable for people with IDD and less so for older people and younger persons with physical disabilities.