



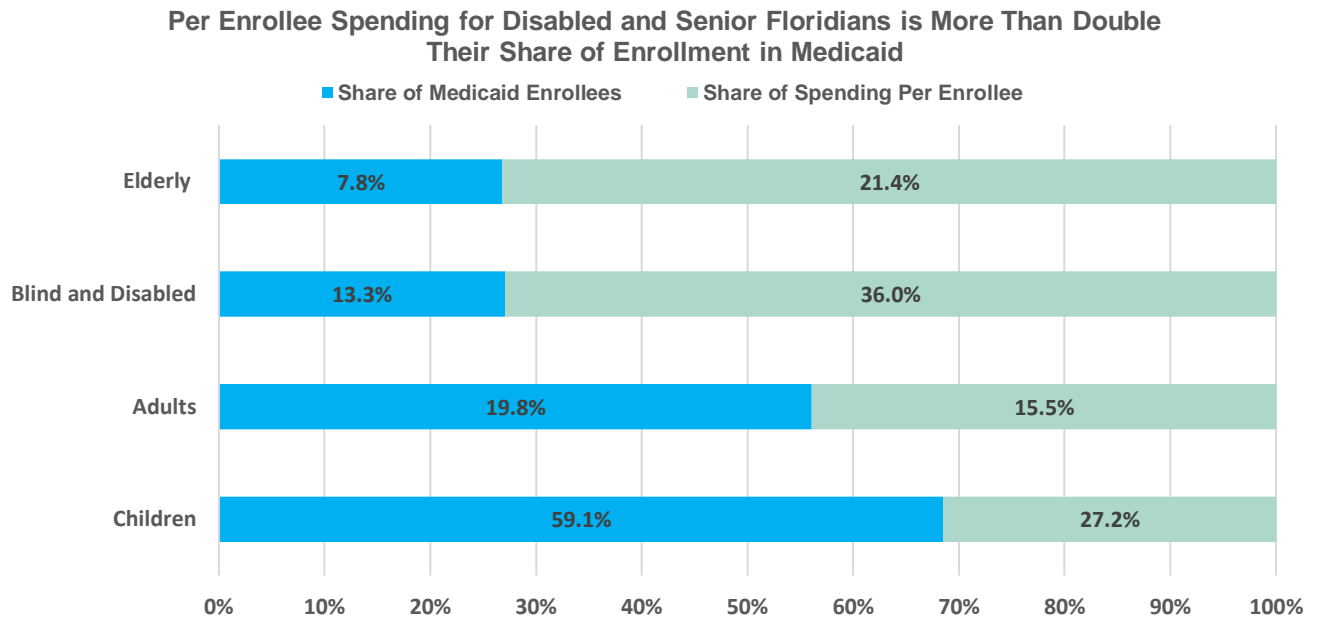
American Health Care Act Threatens Access to Coverage for Millions of Florida Seniors and Adults with Disabilities

The U.S. House leadership's health plan — the American Health Care Act (AHCA) — would put at risk low-income Florida seniors and adults with disabilities who rely on Medicaid as their sole access to affordable health care. Cutting Medicaid by \$880 billion and capping its financing structure would jeopardize the complex health care needs of the most vulnerable Floridians. Although the share of seniors and adults with disabilities is a small percentage of the total Medicaid population, their per-enrollee cost of care is more than double their representation in the program, reflecting their complex and intensive medical needs.

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Medicaid is a lifeline for approximately 4 million Floridians, including roughly 1.7 million low-income adults including individuals with disabilities and seniors¹ whose special conditions require regular medical and intensive long-term care services. Nationally, Medicaid covers 6 million seniors and 10 million persons with disabilities.² In Florida, low-income seniors and adults with disabilities account for 21 percent of total Medicaid enrollees, but represent more than 57 percent of program spending,³ reflecting their significant health care needs and more intensive long-term care. The graph below shows the share of Medicaid enrollees in the Medicaid program and their respective per enrollee spending for Fiscal Year (FY) 2015-16.



Source: Florida Agency for Health Care Administration

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Medicaid plays a life-saving role for millions of adults with disabilities and senior Floridians by providing access to affordable, quality medical and long-term care. The higher cost per enrollee reflects recurring, complex health needs, particularly long-term community and nursing home care. These services are generally not available in private insurance and are too expensive to afford out-of-pocket. Medicaid covers a more comprehensive array of benefits than private insurance.

The shift to a per-capita capped financing structure under the AHCA would adversely impact adults with disabilities, as most Medicaid disability-related coverage and community-based long-term care services are provided as a state option. Such services could be put on the chopping block as the state adjusts to significant federal funding reductions under a per-capita cap and an estimated loss of \$880 billion in Medicaid funding over the next decade.

Out-of-pocket medical expenses for adults with disabilities and elderly Medicaid recipients are lower compared to those who are privately insured, primarily due to lower administrative costs and lower payment rates to health care providers. For example, adults with disabilities who have Medicaid are more than three times less likely to have the highest out-of-pocket costs (more than \$5,000/year) as those who are privately insured.⁴ Medicaid's cost sharing rules protect low-income families and individuals from onerous out-of-pocket costs that would preclude them from needed care.

The AHCA, however, would allow insurers to charge older Floridians five times more than younger ones, compared with three times more under the Affordable Care Act (ACA), almost doubling premiums for older Floridians while substantially reducing them for younger

residents.⁵ This would effectively bar Florida seniors and adults with disabilities from needed care.

Out-of-pocket costs under the AHCA are a great concern because only the poorest adults with disabilities and seniors are eligible for the state's Medicaid program. Currently, their annual income is below 88 percent of the federal poverty level, less than \$21,648 for a family of four. Thus, a funding cut of \$880 billion over the next 10 years, coupled with a per capita cap, would severely hurt these vulnerable Floridians.

The per capita cap funding structure would shift the costs and risks to the state if the cost of care per person exceeds the capped allotment, which is highly likely for populations of elderly and disabled adults, whose average cost of care is five times higher than children and other adults.⁶ Even though some per capita cap proposals claim to address this issue by setting separate caps for seniors and other beneficiaries, a recent study revealed that seniors aged 85 and older incurred average Medicaid costs that are more than 2.5 times higher than those aged 65 to 74. The study notes that, "per capita caps would cut state Medicaid programs by increasingly deeper amounts as more boomers move into old-old age."⁷

Florida's unique demographic shift must be considered in any discussion of cut-and-capped Medicaid funding. Notably:

- Florida is witnessing explosive growth in its aging population. Residents aged 60 or older are projected to represent 56.9 percent of the state's population growth between 2010-2030.⁸
- Florida's low-income aging population growth rate is above the national average (26 percent compared to the U.S average of 14 percent).⁹
- Florida's population of Supplemental Security Income (SSI) beneficiaries who are also automatically eligible for Medicaid has grown by 35 percent over the past 10 years, almost double the rate of the national average (17 percent).¹⁰

A per capita cap would not be responsive to an unanticipated medical cost growth, nor to the impact of the aging population in Florida. As we mentioned in our previous [report](#), "a capped Medicaid funding will hamstring state leaders trying to meeting the challenges of a growing elderly population and unanticipated health care costs arising from epidemics such as Zika, the opioid crisis, natural disasters or new life-saving health innovations."

In addition to the loss of \$880 billion, the AHCA would eliminate the ACA's financial incentives for states to provide home and community-based care services (which is patient-centered and the lowest-cost alternative to institutional care, helping people with daily living activities such as bathing, eating, dressing, preparing meals and shopping).¹¹ Florida's estimated spending for home- and community-based care service was \$1.13 billion for FY 2016-17, representing 4.4 percent of Medicaid spending (the fourth highest category of total Medicaid spending).¹²

The AHCA would also gut Medicaid payments for medical costs that beneficiaries incurred up to three months before enrolling in the program (if they were eligible for Medicaid during that period).¹³ This retroactive coverage helps patients by preventing medical debt, and it helps hospitals and other safety net providers by reimbursing the cost of care during the three-month period.

Research shows that adults with disabilities and seniors who are on Medicaid are significantly more likely to use health care services than those in private insurance or those who are uninsured. Notably, these individuals are:

- Four times as likely to receive nursing or other health care services at home.
- Nearly twice as likely to be hospitalized overnight.
- More than 1.5 times as likely to have 10 or more health care visits in a year than those covered by private health insurance.

By cutting funding for Medicaid and converting it to a per capita cap, the AHCA would leave vulnerable Floridians in serious jeopardy, eliminating a range of cost-effective home- and community-based services offered by Medicaid, and exposing them to unaffordable out-of-pocket medical expenses, which would lead them to medical bankruptcy, as well as loss of care and coverage. Florida's congressional delegation must prioritize and resolve the needs of low-income adults with disabilities and seniors. Otherwise, the long-term adverse effects of unmet health care needs of these populations will adversely affect the economic and fiscal health of the state and its residents.

¹ Kidder, Beth. January 11, 2017. Presentation to [Senate Health and Human Services Appropriations Subcommittee](#). pp. 2 and 9. Agency for Health Care Administration

² Center on Budget and Policy Priorities. [Policy Basics: Introduction to Medicaid](#). p. 1.

³ Supra note at 1

⁴ Musumeci, MaryBeth and Julia Foutz. 2017. [Medicaid Restructuring Under the American Health Care Act and Nonelderly Adults with Disabilities](#). p. 6. Kaiser Family Foundation.

⁵ Congressional Budget Office. 2017. [American Health Care Act Cost Estimate, Budget Reconciliation Recommendations of the House committees on Ways and Means and Energy and Commerce](#). p. 3.

⁶ Park, Edwin. 2017. [Medicaid Per Capita Cap Would Shift Costs and Risks to States and Harm Millions of Beneficiaries](#). p. 2. Center on Budget and Policy Priorities.

⁷ Ibid, p. 3.

⁸ Florida Legislature, Office of Economic and Demographic Research. 2014. [Florida's Economic Future and the Impact of Aging](#). p. 9. Florida Assisted Living Federation of America.

⁹ Joan, Alker. 2017. [Changes in Health Care Policy: How Could Florida Be Affected?](#) p. 30. Georgetown University, Center for Children and Families.

¹⁰ Ibid, p.31

¹¹ Schubel, Jessica. 2017. [Little-Noticed Medicaid Changes in House Plan Would Worsen Coverage For children, Seniors, and People with Disabilities and Increase Uncompensated Care](#). p. 4. Center on Budget and Policy Priorities.

¹² Agency for Health Care Administration (AHCA). 2016. *Medicaid 101, January 2016 Social Services Estimating Conference and FY16-17 General Appropriations Act*. p. 12. (Data received from AHCA by email).

¹³ Supra note at 11, pp. 2 & 5.