

Investing in Medicaid HCBS is Good for Medicare

Millions of people with Medicare rely on Medicaid for the support they need to live safely at home and stay connected to their communities. Medicaid home- and community-based services (HCBS) include [assistance with daily activities](#), such as eating and personal care, as well as help getting out into the community, grocery shopping, and other essential tasks. Without HCBS, many of these Medicare beneficiaries with limited income and savings can be [forced to enter nursing facilities to get necessary daily care and services](#).

[Medicaid is the main payer for HCBS](#) for people with Medicare, but it has been underfunded for decades and does not have the capacity to serve everyone who needs it. As of 2018, [over 800,000 people were on waiting lists for HCBS](#). Many beneficiaries [rely on family and friends](#)—who may be sacrificing their own health and incomes—to cover gaps in care, while others have nowhere to turn.

Most Medicare Beneficiaries Cannot Afford to Pay Out-of-Pocket for Needed Home-Based Care

- [Half of all Medicare beneficiaries have less than \\$73,800 in savings](#); 1 in 4 have savings below \$8,500; and more than 1 in 10 have no savings at all or are in debt. [Hispanic Medicare enrollees have median savings of only \\$9,650](#), with 27% having no savings at all. The median savings for Black Medicare enrollees is only \$14,500, and 1 in 4 have no savings.
- The [average yearly costs](#) for HCBS are beyond the reach of many people with Medicare: \$34,000 for a home health aide and \$18,000 for adult day programs. These HCBS expenses are on top of other community living needs, like housing, food, doctor visits, and prescription medicine. Informal HCBS is also costly; family caregivers pay [about \\$7,000 in other unreimbursed caregiving expenses a year](#).
- Thus, the costs for one year of home care far exceed the savings of a quarter of all people with Medicare, and at least half of Hispanic and Black enrollees. Many others would deplete their savings in just a year or two.

Investing in HCBS and the Direct Care Workforce is Good for the Medicare program

- Making HCBS more available to people with Medicare who are dually eligible for Medicaid would **reduce Medicare expenditures**. This includes [reducing costs](#) by helping more older adults transition to and receive non-acute care in the community, rather than acute care where Medicare pays most of the costs. In addition, where HCBS can help people maintain their health—by taking medication as prescribed, getting good nutrition, and avoiding dangers that can result in falls or other adverse outcomes—it [prevents or delays more costly episodes of care](#).

- Enhancing state Medicaid programs' capacity to serve people with Medicare in the community would **strengthen the Part A Trust Fund**. Because the HCBS system is currently unable to serve everyone who is eligible, people with Medicare often lack access to the very services that could defer the need for costly acute and post-acute care, which is funded through the Medicare Part A Trust Fund. For example, beneficiaries who need post-hospital care are often discharged to a nursing facility, where Medicare picks up the tab, instead of being sent home. Many of these individuals could likely be better served in the community were a sufficient HCBS infrastructure in place. Building that system would also build Trust Fund solvency.

HCBS Investments Improve Lives

A more robust HCBS investment would help grow the direct care workforce, provide relief and economic opportunities for unpaid caregivers, and improve equity. These critical workers, most of whom are women and people of color, ensure Medicare beneficiaries get the help they need to live safely at home—but their pay does not reflect their importance.

- Roughly [18% of direct care workers live in poverty](#), and the median wage of \$12 per hour with no additional benefits leads to sky-high rates of turnover.
- The resulting direct care workforce crisis means more older adults and people with disabilities are left without needed support or forced to over-rely on unpaid caregivers. Not only does this lead to worse outcomes for today's Medicare enrollees, it also puts the caregivers [at greater risk of poorer health when they become eligible for Medicare](#).

The Better Care Better Jobs Act Offers a Solution

[The Better Care Better Jobs Act](#) (S. 2210/H.R. 4131) would strengthen the Medicaid HCBS care infrastructure, helping more people with Medicare get the supports they need to stay healthy and at home by:

- Reducing unmet HCBS needs for low-income people with Medicare, likely improving health outcomes and decreasing unnecessary facility-based care. By growing the workforce and modernizing financial eligibility limits to allow more people who need HCBS to qualify, an estimated 3.2 million additional people could gain access to HCBS.
- Creating 500,000 new jobs for direct care workers and promote recruitment and retention of workers through increased wages, better benefits, and updated and increased training and advancement opportunities.
- Enabling millions of family caregivers to return to or secure new jobs by creating better supports for beneficiaries and families, including vital respite care; training for family caregivers; and providing alternatives to unpaid care, which reduces caregiver responsibilities.

Investing in Medicaid HCBS and the direct care workforce strengthens Medicare and is essential to building a system where every person with a disability, regardless of age, race or where they live, has the choice to live at home and receive services in the community.