

A Cut to Medicaid is a Cut to Medicare

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68 million older adults and people with disabilities rely on **Medicare** for health coverage.¹ But for over **12 million** of them, **Medicaid** is essential to fill coverage gaps and **make Medicare affordable**.

Medicaid helps people with Medicare access vital services like **dental care, medical equipment (like wheelchairs), transportation to appointments, and long-term care**, enabling them to stay healthy and live safely in their communities.

Without Medicaid, many Medicare enrollees—especially those with limited income—would struggle to afford care, risking their health or having to choose between medical care and housing, food and other essentials. **Cutting Medicaid** would **directly harm millions of Medicare enrollees** and **increase costs** for the Medicare program and state budgets.

What's the Difference Between Medicare and Medicaid?²

Medicare is a federal program that covers prescription drugs, physician and hospital services, and some rehabilitation like short stays in nursing facilities. People of all income levels can enroll in Medicare if they are 65 or older, under 65 and receiving Social Security disability benefits for a given time, or have end-stage renal disease (ESRD).³ Many people when they initially enroll are surprised to discover Medicare has gaps in coverage around dental, vision, hearing, long-term care, and some substance use disorder care.

Medicaid is jointly funded by the federal government and states. It covers long-term care, including support for people to age in place and live meaningful lives in their communities, as well as durable medical equipment such as powered wheelchairs. Medicaid also covers important health benefits like vision, hearing, and often dental, which are missing from Medicare, and fills in gaps in other coverage like substance use disorder care.⁴ Unlike Medicare, Medicaid is only open to people with limited income and resources.

Medicare and Medicaid Together

For people enrolled in both **Medicare and Medicaid** (known as “dually eligible”), it’s the combination of coverage that meets their needs.⁵ And we know this combination is effective:

- ✓ Among **adults with disabilities under 65** who are dually eligible, only **18%** have unmet health needs⁶—compared to **32%** with Medicare only and **35%** with employer-based insurance.⁷
- ✓ For **seniors who are dually eligible**, only **7%** report unmet needs.⁸

Medicaid’s support is key to this effectiveness.

- ✓ Nearly **30% of Medicaid funding** goes to people with Medicare.⁹

- ✓ **Half of Medicaid spending** supports older adults and people with disabilities.¹⁰
- ✓ More than **60% of people who rely on Medicaid for long-term care** are Medicare enrollees.¹¹

Nursing home residents rely on Medicaid

Many residents remain in a nursing home far longer than the few weeks covered by Medicare. On average, in 2022, **Medicare paid for only 28 days of care in a benefit period.**¹² As a result of Medicare's limited coverage and private pay costs averaging over \$100,000 per year,¹³ most residents who remain in a facility after their Medicare coverage ends quickly turn to Medicaid as their primary payer for long-term care. **In 2024, Medicaid was the primary payer for 63% of nursing home residents.**¹⁴ In five states (Alaska, Georgia, Louisiana, Mississippi, and West Virginia) and the District of Columbia, more than 70% of residents relied on Medicaid.¹⁵

What About Affordability?

For many older adults and people with disabilities on Medicare, comprehensive health coverage is not only necessary to stay healthy, it's also necessary to make ends meet. **Half of people with Medicare live on incomes below \$36,000**, and 1 in 4, on incomes below \$21,000.¹⁶ On average, people with Medicare spend \$7,000 out of pocket each year on their health care needs.¹⁷ Medicare Part B premiums alone are \$185 per month (\$2,200 annually) and the basic Medicare benefits leaves beneficiaries responsible for 20% of the cost of outpatient services in addition to a \$1,676 deductible for inpatient hospital stays.¹⁸

Because of these costs, 1 in 3 people with Medicare has delayed or gone without care.¹⁹ In fact, 1 in 5 US adults aged 65 and older has some form of medical debt, and 1 in 10 of those older adults with medical debt owes over \$10,000.²⁰

Medicaid helps solve these affordability problems by covering Medicare costs.²¹ In 2021, Medicaid helped 10 million people pay their Medicare premiums and helped 8 million cover their Medicare coinsurance and copays.²² Medicaid enrollment also triggers access to the Low-Income Subsidy (LIS) or Extra Help Program, which assists people with prescription drug costs.²³ For these dually eligible older adults and people with disabilities, Medicaid prevents them from having to choose between health and other necessities such as food, housing, and transportation.

Medicaid opened the door to Medicare for Carrie



Medicaid's coverage of Medicare premiums and out-of-pocket costs was life changing for Carrie, an 81-year-old living in Mansfield, Ohio. Carrie had delayed enrolling in Medicare Part B because she was working, and later hesitated to enroll because she feared having to pay late enrollment penalties. She was going without needed medical care and was hardly able to pay for her prescription drugs. After an Area Agency on Aging helped her enroll in Medicaid and financial assistance with her prescription drug costs, Carrie was able to afford to enroll in Medicare. Thanks to Medicaid, she could finally see her doctor, fill her prescriptions, and have enough money for basic things like her utilities and groceries.

What Could Medicaid Cuts Mean for Older Adults and People with Disabilities with Medicare?

Proposed Medicaid cuts would have sweeping impacts on affordability and access to vital services for older adults and other people with Medicare. Even when these populations are not targeted—or even are explicitly carved out—the ripple effects of cuts will affect everyone on Medicaid and our broader communities.²⁴

Any cuts to federal Medicaid funding shift the financial burden onto states. States with budget shortfalls will have to cut programs, eligibility, or benefits either in Medicaid or other programming like education. The poorest states will be the hardest hit because the federal share accounts for more of their spending.

For people dually eligible for Medicare and Medicaid, **cuts to Medicaid could mean** taking away their access to:

- ✘ Assistance that helps them afford their Medicare premiums and co-pays, **increasing out-of-pocket costs** by thousands of dollars.
- ✘ Essential support for people aging in place and remaining in the community like Home and Community-Based Services (HCBS),²⁵ **shifting costs to family caregivers** and forcing more people into nursing facilities.
- ✘ Financial protections that allow people who need Medicaid for long-term care to keep their home and modest amounts of income to cover daily living costs, **adding financial strain to older adults and their families**.
- ✘ Dental, vision, hearing and other optional benefits²⁶ that states currently cover, **reducing vital primary and preventive care and risking worse health outcomes**.

And for **everyone with Medicare**, cuts to Medicaid could result in people losing access to doctors and health services in their communities. Many states will be forced to reduce provider payment rates, which could cause **hospitals and nursing facilities to close**, especially harming rural communities.²⁷ The quality of care in nursing facilities and access to home health aides could also be greatly reduced.

The ripple effects of these cuts would not stop there. If **family caregivers either lose Medicaid coverage** for their own health insurance **or lose Medicaid payment** for the care they deliver, they may no longer be able to provide the care the entire health system currently relies on.²⁸ AARP estimated the value of family caregiving at \$600 billion per year in 2021.²⁹ Pushing caregivers out of these roles would increase the number of people who have unmet need, **force Medicare beneficiaries out of their homes and communities**, add to the financial strain on paid providers and make the direct care workforce crisis worse.

Bottom Line: A Cut to Medicaid is a Cut to Medicare

Medicaid is a lifeline for millions of people with Medicare. Without the Medicaid program as we know it, more people with Medicare will go without care, will be in poorer health, will lose options to age at home, will spend more time in the hospital or institutional settings, and will acquire unnecessary medical debt.

Medicaid cuts will degrade the health and well-being of these individuals. Cuts will also strain families, caregivers, state budgets, taxpayers at large, and the Medicare program.

Instead of cuts, policymakers should focus on ways to make Medicare and Medicaid work better together, to cover life- and health-saving benefits, to bolster the direct care workforce and family caregivers, and to invest in the health care system we all need, now and in the future.

Endnotes

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