

Changes to Medicaid and Other Federal Programs: Impacts on People with Disabilities and Older Adults

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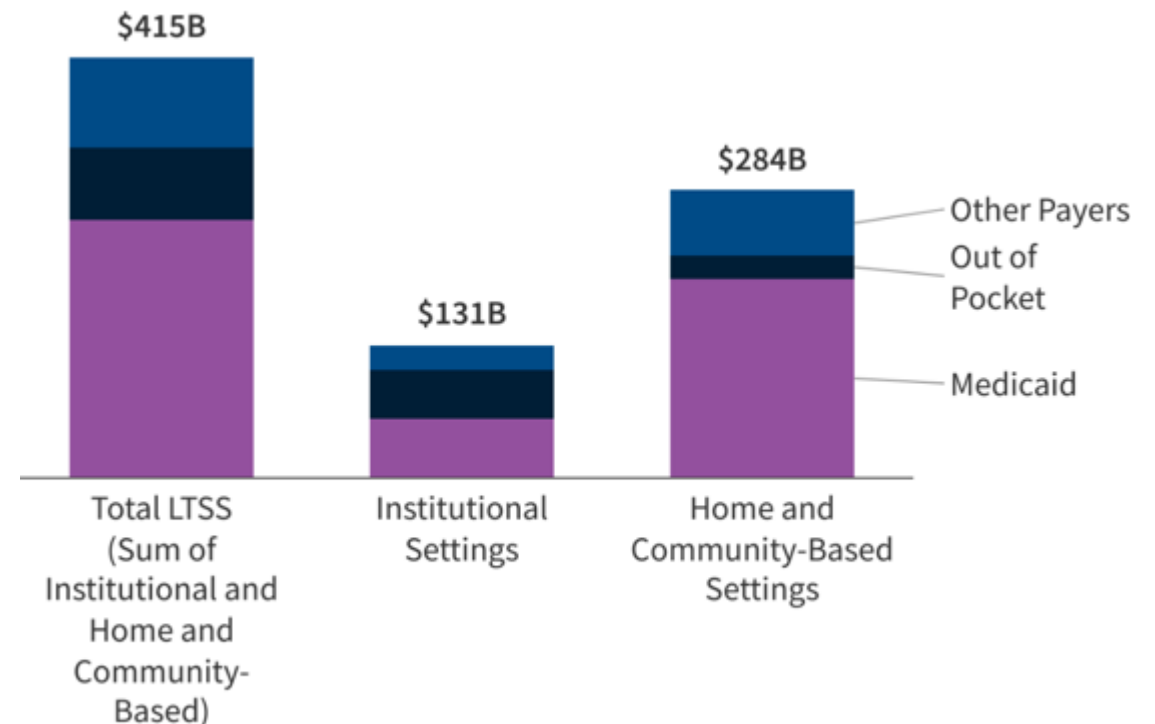
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Medicaid Long-Term Services and Supports

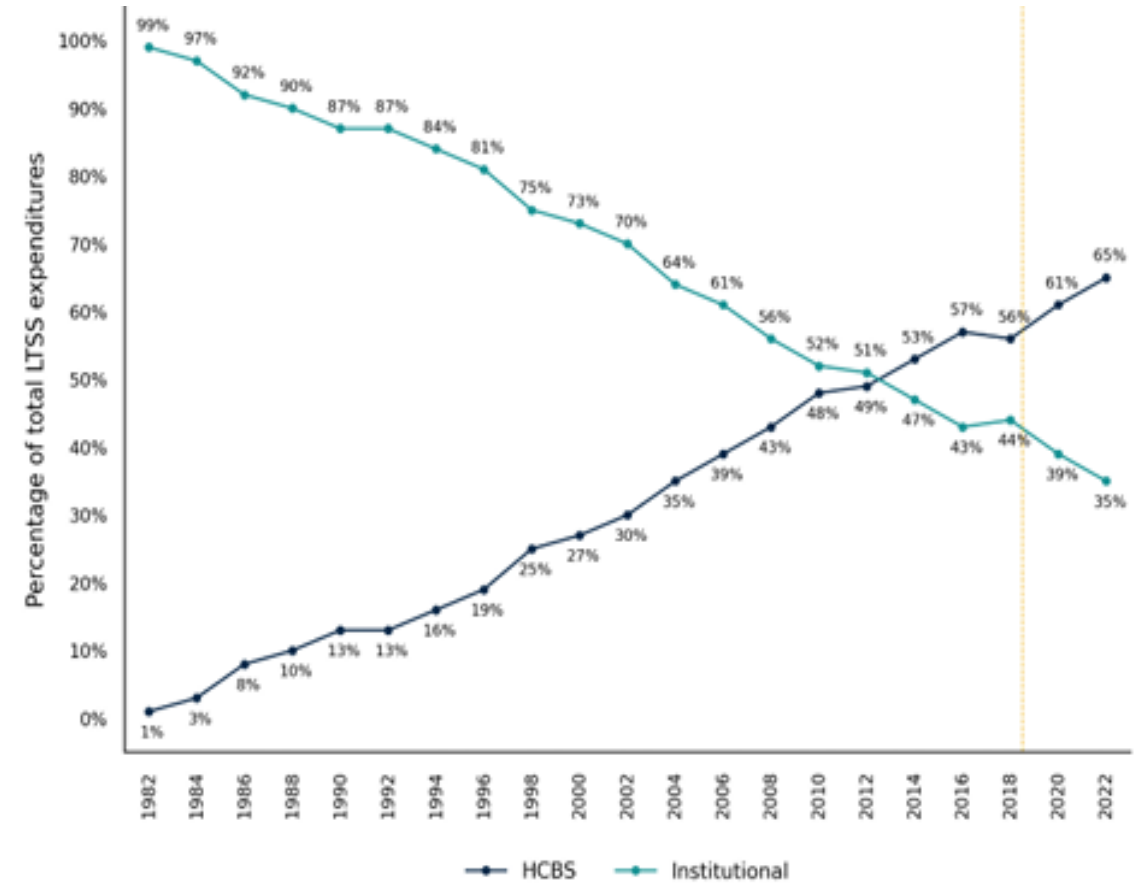
Medicaid is Critical for People with Disabilities and Older Adults

- Medicaid is the **primary funder of long-term services and supports**
- Vast majority of older adults and people with disabilities who need LTSS **prefer to live in their own homes and communities**
- Home and Community-Based Services (HCBS) can cover a range of services like personal care, adult day, respite, habilitation, transportation, and home modifications



Growth of Home and Community-Based Services

- States have been “rebalancing” to match preferences
- **New HCBS authorities** over the last 20 years, like Money Follows the Person, Community First Choice, and the new 1915c authority in H.R. 1
- **Disability rights laws** (Americans with Disabilities Act and SCOTUS *Olmstead* decision) have been drivers
- **BUT, HCBS are optional services, and 700,000 people are on waiting lists**



Challenges States Face Regarding HCBS

Growing Demand for HCBS

- Rapidly aging population; 11k turning 65 daily, w/ over 70% likely to need LTSS in their lifetime
- Disabled people living longer, often w/ aging parents
- 63M family caregivers

Direct Care Workforce Crisis

- High turnover, vacancies, recruiting challenges
- Experiencing declining referrals and even closings due to workforce challenges

Already Navigating Funding Cliffs

- American Rescue Plan Act provided states one-time increased funding for HCBS (\$37B total)
- Funding had to be spent by March 2025 → funding cliffs for states

H.R. 1 and HCBS

- H.R. 1 does not directly reduce funding for LTSS generally or HCBS specifically, but **does significantly reduce federal Medicaid funding to states**
- Historically, when states have faced shortfalls in their Medicaid budgets, **optional services like HCBS have been cut**; we are already seeing that in several states

Exhibit 1. Number of states reducing HCBS spending between 2010 and 2012 and average reduction.

	Spent less per person*		Served fewer people		Either/both
	# States	Average reduction	# States	Average reduction	# States
IDD Waiver programs	33	10.8%	8	2.2%	36
Other Waiver programs / PCS	35	11.8%	20	8.3%	41
Home health	23	22.2%	29	15.1%	40
Cuts to any program	47		40		51

Potential HCBS Reductions

Elimination of HCBS Programs

Reduced waiver slots or service caps

Higher eligibility for HCBS programs

Cuts to HCBS provider rates

State Considerations Regarding HCBS

Increased Medicaid spending

- Cutting HCBS could place people at risk of entering nursing homes and other institutions, at higher Medicaid costs

Disability rights

- The ADA may prevent cuts that would force people into institutions
- States may be required to put alternative services in place

Impacts on family caregivers

- 63 million family caregivers currently provide support to a disabled or aging family member
- Many have had to leave the workforce and may themselves be on Medicaid

H.R. 1's New HCBS Flexibility

- **Creates a new HCBS flexibility for 1915(c) waivers that do not require an institutional level of care**
 - Could be helpful to serve people with behavioral health needs or whose impairments do not yet meet an institutional level of care
 - States must ensure that the new services do not negatively impact the waiting list for traditional 1915(c) services
 - Authority begins in July 2028
 - \$100 million total available to states to implement the new authority
- **Unclear how many states will have resources in the short term to take advantage of this new HCBS flexibility**

Work Requirements

Disabled People and Older Adults Are Part of the Medicaid Expansion Population

- **Nearly 6 million older adults 50+ are on Medicaid through the ACA expansion**
 - HR 1 work requirements apply to older adults through age 64
- **An estimated 20% or more of the expansion population has disabilities**
 - Includes people with mental health disabilities, substance use disorders, or people who have impairments that do meet the strict SSI/SSDI standards
- **ACA Medicaid expansion has increased access to LTSS**
 - 1 in 5 enrollees under 65 who use institutional LTSS and 1 in every 10 enrollees under 65 who use Medicaid HCBS are eligible for Medicaid through the ACA expansion

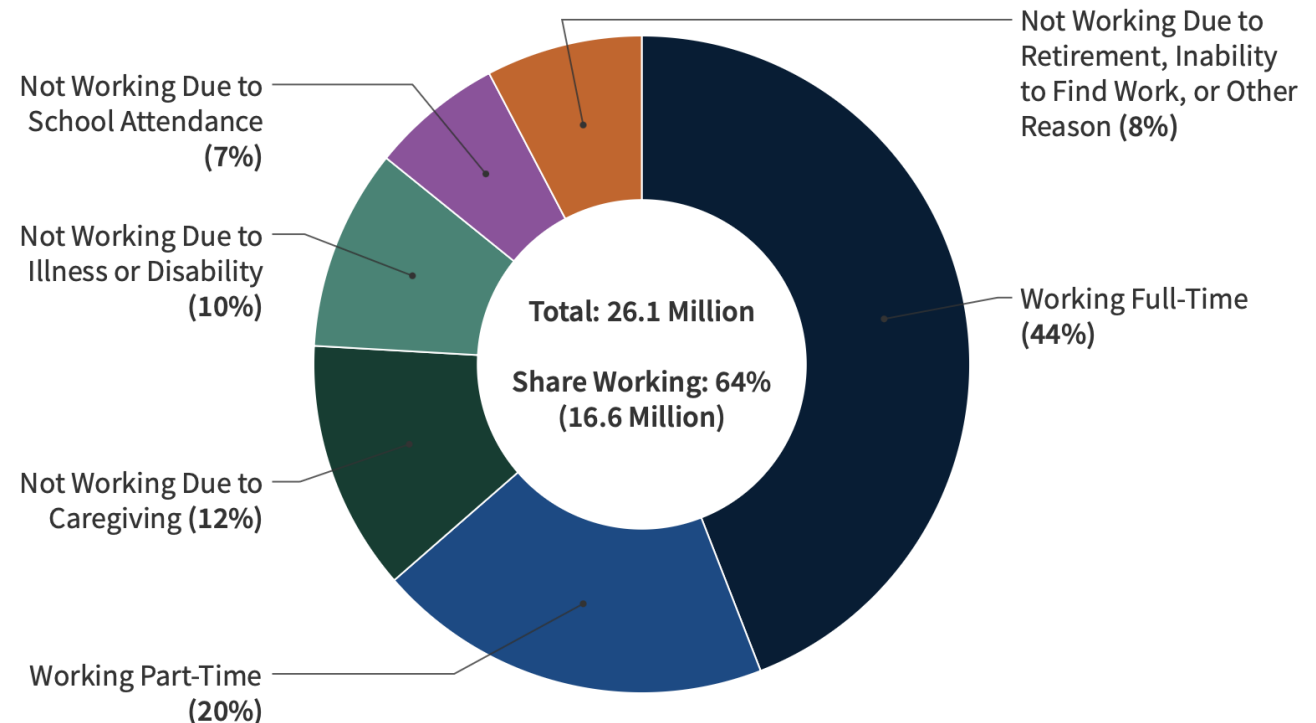
Most Medicaid Beneficiaries Already Work or Should Meet An Exemption

- Among Medicaid adults (not eligible for SSI) **92% were:**
 - Working (64%)
 - Caregiving (12%)
 - Disabled or ill (10%)
 - In school (7%)
- Work requirements target 8% of Medicaid adults, yet **everyone must navigate complex reporting or risk losing coverage**

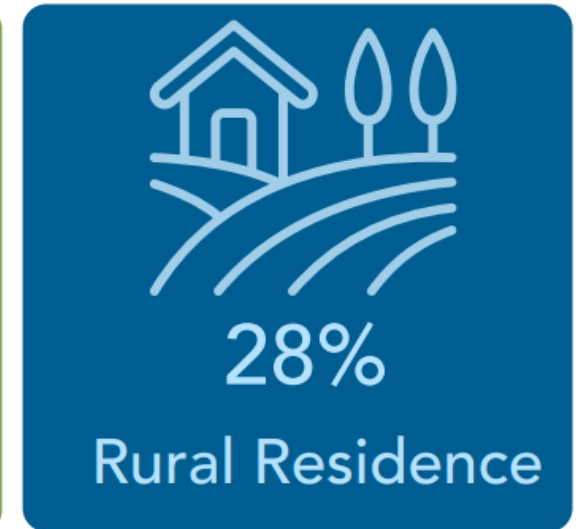
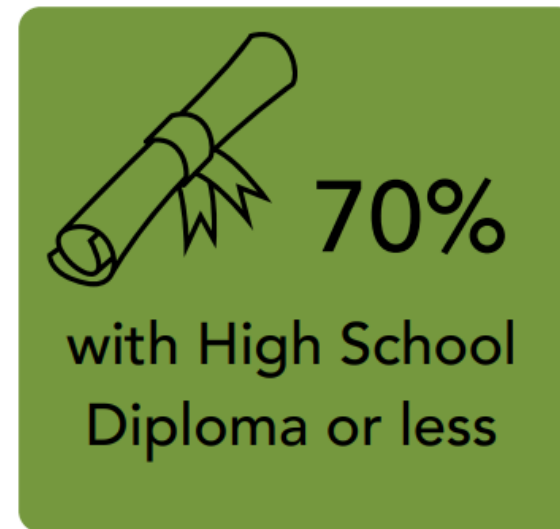
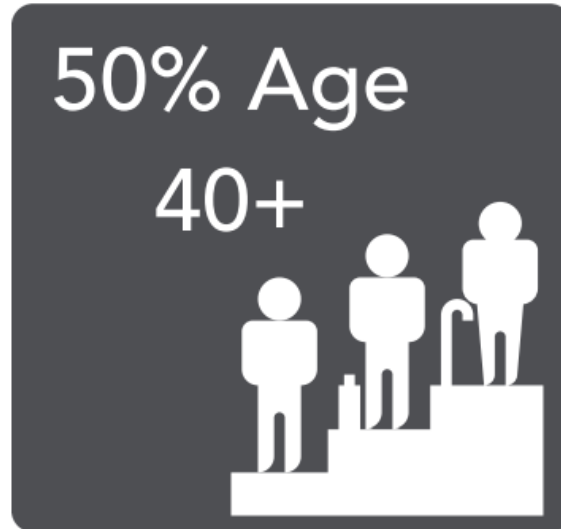
Figure 1

Work Status & Barriers to Work Among Medicaid Adults, 2023

Includes Medicaid covered adults (age 19-64) who do not receive benefits from Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI) and are not also covered by Medicare.



Who Are the “Able Bodied” Beneficiaries?



Exemptions Specific to Disabled People, Older Adults and Caregivers

- **Medically frail**

- Blind or SSI/SSDI disability
- Has substance use disorder
- Has a “disabling mental disorder”
- Serious or complex medical condition
- Disability that significantly impairs ≥ 1 Activity of Daily Living

- **Others**

- Disabled veterans; optional temp. exemptions (inpatient care, travel for extended medical care)

- **Caregiver of a child under 14 or disabled person**

- Broad definition of caregiver in the RAISE Family Caregiver Act

State Strategies to Mitigate Impacts

on Disabled People, Older Adults and Caregivers

Broad Definitions

- Use broad definitions of disability for “medically frail” and for caregivers (incl. def’n of “disabled”)
- Allow IADLs in addition to ADLs
- Consider ADA definition

Verification, Data & Application

- Allow self-attestation
- Explore all data sources, including MCOs, claims data
- Add questions to application to flag likely to be exempted

Limit Burdens

- Maximize length of exemptions
- Minimize the look back to 1 month & the # of months of compliance per redetermination
- Minimize redeterminations to every 6 months

Outreach and Partnerships Will Be Key

Centers for Independent Living

Aging and Disability Resource Centers

Protection and Advocacy Agencies

Mental Health Organizations

Area Agencies on Aging

H.R. 1 Address Verification Requirements

- **Address verification requirements could impact vulnerable populations**
 - People experiencing homelessness or housing instability
 - Youth in or leaving child welfare
 - People leaving the criminal justice system
 - These populations disproportionately have disabilities
- **May have challenges with providing a stable address**
 - May instead provide address like a shelter, soup kitchen or child welfare office
- **State agencies should collaborate to identify likely high-use addresses; identify data sources to flag people who may need assistance with address verification; and partner with the housing/homelessness, child welfare and justice sectors**

Other Program Changes Impacting Community Living for Disabled People and Older Adults

Other Program Cuts Can Impact Ability to Remain in the Community

Supplemental Nutrition Assistance Program

- SNAP is disproportionately used by disabled people, older adults and their households
- HR 1 reduces federal funding to SNAP by approx. 20% through changes to federal-state funding and work requirements
- State budget shortfalls in SNAP could lead to pressure to make more cuts to Medicaid, where there is more flexibility

Older Americans Act

- Provides a wide range of critical services to people 60+, including senior meals, in-home supports, transportation, supports to family caregivers, and LTC ombudsman
- Agency that administers OAA programs has been significantly impacted by the HHS reorg/RIFs
- Increasing older adults pop. → growing waiting lists

Affordable Housing Programs

- Significant percentage of older adults rely on affordable housing programs
- Older adults are the largest grown homeless population
- Significant proposed cuts to affordable housing programs

Takeaways

- **Changes to Medicaid and other programs could have significant impacts on disabled people and older adults**
- **Thoughtful implementation will be necessary to minimize unintended impacts**
- **Outreach and direct assistance is critical to support disabled people and older adults navigate new administrative requirements**
 - Aging and disability organizations will be critical partners
- **Engagement with disability and aging stakeholders as policies are being developed is critical**

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