Fact Sheet: Medicaid Long-Term Services & Supports, and Employment

What role does Medicaid play in long-term services and supports?

• Medicaid is the major funder of long-term services and supports (LTSS) for individuals with disabilities and others. LTSS can be provided in both institutional and community-based settings. Per the most recent data, most beneficiaries receiving long-term services and supports are under age 65.

• Forty percent of Medicaid funding for people with disabilities goes to LTSS, meeting the needs of 5 million individuals annually.

What role does Medicaid play in supporting individuals to live in the community?

Medicaid plays a primary role in ensuring that individuals with disabilities are fully integrated into society and preventing unnecessary and unwanted institutionalization. As noted by the Kaiser Commission on Medicaid and the Uninsured, “It is fair to say that Medicaid has been the principal engine of expanded access to home and community-based services that make independent living and community integration possible for people with disabilities as well as elderly Americans.”

A variety of efforts have focused on shifting as much of Medicaid LTSS funding away from institutions, and since 2013 more than half of LTSS nationally are provided in community settings (although this percentage varies from state-to-state). In terms of non-elderly Medicaid beneficiaries with disabilities who use LTTS, nationally approximately 80% receive services in the community instead of institutions.

What are the mandates and options for states for home and community LTSS under Medicaid?

Home health services are a mandatory community-based service for Medicaid beneficiaries. States also have the option of using Medicaid funds to provide more comprehensive and wider variety of other long-term services and supports in home and community based settings, and all states use this option at some level.

How do states fund optional home and community-based long-term services and supports under Medicaid?

States fund optional LTSS home and community services via a “waiver” of Medicaid rules governing institutional care and through Medicaid state plan amendments. The most popular option is the Home and Community-Based Services (HCBS) 1915(c) waiver, which accounts for approximately half of HCBS expenditures. Forty-seven states and the District of Columbia have a 1915(c) waiver.

What types of long-term services and supports does Medicaid pay for?

States identify which specific long-term services and supports (LTSS) they will pay for, via their Medicaid state plan or waiver application. Examples of LTSS include: case management, supported
employment, assistive technology, personal care, non-medical transportation, respite care, services to transition people from institutions to their homes and communities, residential and day habilitation, home modifications, and homemaker services.

What other options are available to fund long-term services and supports for people with disabilities?
Beyond Medicaid, there are essentially no other public or private insurance options to pay for the level of long-term services and supports needed by individuals with disabilities. Neither Medicare nor private insurance, even if available, comes close to providing the necessary level of coverage over the long-term.

What is the level of HCBS by disability population group?
In terms of the percentage of overall LTSS expenditures for home and community-based services vs. institutional care, there is major variation among disability populations, although all groups have seen significant increases in the use of home and community-based services. Per the most recently available data:
- 75% of LTSS expenditures for individuals with developmental disabilities are for HCBS (more than double the 30% figure in 1995).
- For older people and people with physical disabilities, 41% of LTSS funding goes to HCBS (also more than double since 1995).
- For individuals with serious mental illness, 41% of LTSS funding is used for HCBS vs. 28% in 2010.

What populations receive services under the 1915(c) waiver?
As noted, the 1915(c) HCBS waiver is the largest funder of home and community-based services under Medicaid. Approximately 70% of 1915(c) spending is for individuals with developmental disabilities, with 25% for older adults and people with physical disabilities. The remaining 1915(c) waiver expenditures are divided among several other populations.

How are employment services and supports funded via Medicaid?
Access to health and medical services under Medicaid including preventive care, clinical services, prescriptions, etc., is critical to ensure that individuals are sufficiently healthy to be successfully employed. Medicaid is also a major funder of employment services and supports for individuals with disabilities.
- Under 1915(c) HCBS waivers, 1915(i) HCBS State Plan Option, and the 1915(b)(3) Managed Care Delivery System Waiver, states can offer services that specifically support an employment goal through what are called “habilitation services” which can fund any combination of the following: vocational/job-related discovery or assessment, person-centered employment planning, job placement, job development, negotiation with prospective employers, job analysis, job carving, training and systematic instruction, job coaching, benefits support, training and planning, transportation, asset development, career advancement services, and other workplace support services that enable the participant to be successful in integrating into the job setting. Available
services can be offered to any target group for whom they would be beneficial in both obtaining and retaining integrated community employment. viii

• In addition to “habilitation services” the following are examples of other services covered by Medicaid that can be used to assist with employment: ix
  o **Personal Assistance Services** – Services designed to assist an individual with a disability to perform daily activities on and off the job.
  o **Peer Support Services** – Delivery of counseling and other support services to eligible adults with mental illnesses and/or substance use disorders.
  o **Targeted Case Management Services** – These services can be used in part to help individuals gain employment, including assessment and developing a treatment plan that can include employment related supports.
  o **Rehabilitation Services** - Services designed to be restorative or remedial for an individual who has a condition that has resulted in a loss of functioning. In addition to typical rehabilitation services, the Medicaid Rehab option can be used for employment-related services such as peer support, training in social skills, or counseling.

Investment of Medicaid dollars in employment-related supports ensures individuals can maximize their income through working, are more independent, healthier, and less reliant on public benefits,

**What is the role of Medicaid vs. other funders of employment supports?**

As the payer of last resort, Medicaid cannot pay for employment services and support available via other sources (such as public Vocational Rehabilitation – VR, the state workforce development system, and educational agencies). VR plays an important and critical role in assisting with employment, and Medicaid funded services work in partnership with VR and other funding sources. However, these other sources do not have the capacity or resources to provide the full level of employment services needed by individuals with significant disabilities, particularly long-term supports. Without Medicaid, many individuals with disabilities would be unable to obtain the necessary assistance and services to find and maintain employment. This is particularly true for individuals with developmental disabilities. Medicaid is the primary if not exclusive funder of employment services and supports available from state agencies serving individuals with intellectual and developmental disabilities.

**Resources:**

- **Congressional Budget Office – Medicaid and CHIP** - [https://www.cbo.gov/topics/health-care/medicaid-and-chip](https://www.cbo.gov/topics/health-care/medicaid-and-chip)
- **CMS Medicaid Website** - [https://www.medicaid.gov/medicaid/index.html](https://www.medicaid.gov/medicaid/index.html)
- **CMS Medicaid Information on Home and Community-Based Services** - [https://www.medicaid.gov/medicaid/hcbs/](https://www.medicaid.gov/medicaid/hcbs/)
- **Medicaid and CHIP Payment and Access Commission** (a non-partisan legislative branch agency that provides policy and data analysis and makes recommendations to Congress, the

- The Henry J. Kaiser Family Foundation (a non-partisan source of facts, analysis and journalism, focusing on national health issues) - http://kff.org