



Alliance for the Betterment of
Citizens with Disabilities

Empowering People: Providers Shaping Policies

Medicaid Town Hall
Hosted by Representative LaMonica McIver (D10)
ABCD Discussion Points
March 21, 2025

Reckless policies must not replace a stable and enduring program which provides health and long-term care to over 1.85 NJ citizens including people with IDD. Their lives count. Here in D10, 29% of your neighbors rely on Medicaid for health coverage.

What is Medicaid

Medicaid is public health insurance for low-income adults, older adults, people with disabilities, pregnant people and children.

Medicaid provides comprehensive health coverage like hospital care, physician services (primary, specialty and dental), prescription drugs, behavioral health, etc.

Unlike private health insurance and Medicare, Medicaid also provides comprehensive long-term care to individuals who meet the level of care for services in an institutional setting like a nursing home or ICF/IDD. Services and supports for individuals who are eligible for institutional care are now permitted in the community. This program called home and community-based services provides, day habilitation, assistive technology, assistance with daily living, supportive employment, habilitative services, etc. Human service services. These services are a lifeline into the community for over 100,000 people, including individuals with I/DD.

Potential Changes and Uncertainties

Proponents of the policy maintain that it is not their intent to cut services, but to reduce waste, fraud and abuse in the program. Currently the state and federal government are responsible for ensuring program integrity to prevent, detect and recover Medicaid waste, fraud and abuse. Though efforts could be improved by investing more into the system,¹ independent authorities maintain that there is nowhere near \$880B over 10 years in additional waste and fraud to recover in Medicaid.

¹ Hinton, E. *5 Key Facts About Medicaid Program Integrity*. March 18, 2025. Kaiser Family Foundation. For every \$1 spent on program integrity, \$2.80-\$3.46 is recovered.

Unless the \$880B target is decreased, the only way to reduce spending is to reduce Medicaid services. The state believes this would translate into an annual cut of between \$2-\$5B in NJ Medicaid's 24B budget. Though we have every confidence that the state will do everything in its power to decrease the impact on Medicaid recipients, people will undoubtedly be hurt.

- Eligibility Part I. Work requirements. According to KFF, 64% of individuals enrolled in Medicaid are employed, 7% are in school, 8% are retired, 10% have a serious illness or disability, which precludes them from working and 12% are either not working because they can't find a job or due to care giving in the home. Independent analysis says savings to the program would be limited. What's more, in states that have imposed work requirements, people who were eligible lost coverage because the compliance requirements were too complex.² According to NJDMAHS this could impact up to 700,000 individuals.³
- Eligibility Part II. Medicaid expansion. The ACA, commonly referred to as "Obamacare" permitted states to opt to raise the income eligibility. In NJ the maximum income rose to 138% of the FPL. Over 500,000 individuals are now on Medicaid because of the expansion. Changes to exact savings could involve eligibility, reduced services, or increased cost share.
- Rate reductions. State governments work individually with the federal government to set standard rates for all Medicaid services. To make savings, some or all rates could be decreased. Since Medicaid rates are well below commercial insurance and Medicare rates, Medicaid providers may choose to decrease or discontinue serving the Medicaid population.
- Optional services. The federal government allows states to provide optional services in addition to mandated services required in the law. Optional services include but are not limited to rehabilitation therapy, prescription drugs, dental care, and home and community-based services. To make savings some optional services may be reduced or eliminated (since they are not required).

If the target is not decreased, we will see a loss of health and human service care. Communities will be sicker, poorer, and because the human service lifeline will be frayed, less diverse.

- Advocates don't lose their confidence about being right. They continue to mobilize, stand up, and fight back to the extent that all elected officials will think twice about cutting this program and do the right thing.

We have fought these battles before. We can do it again.

² Condon, Alan. *Work Requirements Could Strip \$5M People of Medicaid*, Report. March 18, 2025. Beckers Hospital Review.

³ *Modeling Impact to NJ Medicaid of Congressional Budget Proposals*. February 2025. NJDHS.