Alliance for the Betterment of Citizens with Disabilities

Empowering People: Providers Shaping Policies

Medicaid is Complicated. We Take a Stab at Unravelling the Program to Help Advocates Better Understand What is at Risk.

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What is Medicaid?[1]

Medicaid is public health insurance. And like market-based health insurance, it has different types of plans designed to meet different needs. Medicaid plans, referred to as programs, cover various populations in the US, including adults with low incomes, older adults, people with disabilities, pregnant people and children.

Unlike most private health insurance and Medicare, Medicaid has programs which also provide long term care services for individuals who meet the level of care that would meet the state eligibility requirements for services in an institutional setting. In lieu of receiving long term care services and supports in an institutional setting, the Medicaid waiver program allows states, following federal guidelines, to choose groups of people with particular needs and health conditions to instead receive tailor-made program options at home or within the community.

The waiver must demonstrate that the services do not cost more than the same service in a healthcare facility, help protect a person's health and welfare, provide reasonable and adequate standards to meet someone's needs, and uses an individualized plan of care centered on the person.

What New Jersey Medicaid Programs Do Adults with Intellectual and Developmental Disabilities Typically Participate In?

Individuals with intellectual and developmental disabilities are typically enrolled in one or two of the following five Medicaid programs in New Jersey.

1. Aged, Blind and Disabled (ABD Medicaid). Covered services include hospital care, physician services (primary, specialty and dental), prescription drugs, behavioral health which includes services for those with serious mental illness and for the treatment of substance use disorder. These services fall under the category of health services. New Jersey's ABD program is administered by five health plans under contract with the state and are referred to as Medicaid Managed Care Organizations (MMCO). The MMCO's responsibilities include onboarding, provider network adequacy, regulatory oversight, claims payment and quality assurance. According to the NJ FamilyCare Enrollment summary for January 2025, the total number of

[1] All NJ Medicaid programs are branded as NJ FamilyCare. For the purposes of this paper, we will call it Medicaid.

disabled adults enrolled in ABD is 168,445[2] and the total number who are enrolled in home and community-based service program are 59,253. [3] We do not know specifically how many adults with intellectual and developmental disabilities are enrolled in this program.

2. Affordable Care Act (ACA). Covered services include hospital care, physician services (primary, specialty, and dental), prescription drugs, and behavioral health which includes mental health and substance abuse services. These services fall under the category of health services. New Jersey's ACA is administered by the Division of Medical Assistance and Health Services. There are 640 individuals with IDD enrolled in the ACA for health care who also receive CCP or SP services (see #3 below) and an additional 440 individuals whose information implies they are IDD, but are not enrolled in CCP or SP.

3. Comprehensive Medicaid Waiver (CMW). Included in New Jersey's CMW, the Community Care Program (CCP) and the Support Program (SP) provide enrolled individuals based on their assessed needs and individualized budget with home and community-based services (HCBS) rather than in institutions or other isolated settings. For the I/DD population, HCBS services generally fall into the category of human services. Services include but are not limited to assistive technology, behavioral support, career planning, community inclusion, day habilitation, individual supports in or out of the person's residence, support coordination, supportive employment, etc.[4] CCP and SP are administered by the Division of Developmental Disabilities (DDD), but the responsibilities are trifurcated with DDD providing onboarding, oversight, and quality assurance, agencies ensuring network adequacy, and Medicaid providing claims payment based on a fee for service model. According to NJ FY'25 budget information, 27,601 individuals receive services from either CCP or SP.[5]

4. Comprehensive Medicaid Waiver (CMW). Also included in New Jersey's CMW is Managed Long Term Services and Supports (MLTSS). MLTSS services include hospital care, physician services (primary, specialty and dental), prescription drugs, mental health and substance abuse services, care management, home delivered meals, home and vehicle modification, assisted living, long-term nursing care in nursing facilities and community. MLTSS is administered by the MMCOs which are charged with coordinating all services whether at home, in assisted living, a community residential service, or nursing home. According to the NJ FY'25 budget information, 68,282 individuals receive services from MLTSS. We do not know how many adults with IDD are enrolled in MLTSS.[6]

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[2] Enrollment Reports. NJ FamilyCare Monthly Enrollment Statistics, January 2025, p.1. https://www.nj.gov/humanservices/dmahs/news/reports/index.html

[3] Ibid. p. 4

[4] For a complete list of CCP services https://www.nj.gov/humanservices/ddd/assets/documents/community-care-program-policy-manual.pdf
For a complete list of SP services https://www.nj.gov/humanservices/ddd/assets/documents/supports-program-policy-manual.pdf

[5] FY 2025 Governor's Budget Recommendations. Department Recommendations, p. 229 https://www.nj.gov/treasury/omb/publications/25budget/pdf/Department-Recommendations.pdf

[6] Ibid. p. 203.

5. Developmental Centers (DC). NJ's 5 DCs were expected to provide residential and habilitative services to 948 individuals during FY'25.[7] Payment is a per-capita daily rate.

How is Medicaid Funded?

Medicaid financing is shared by the state and federal government with a guarantee to states for federal match payment of not less than 50% and with no pre-set limit. The percentage paid by the federal government is called an FMAP (Federal Medical Assistance Percentage) and varies across states, services and types of enrollees.

For ABD, CMW, and the DC's the federal government assumes 50% share of the cost. New Jersey is one of ten states which benefits from the 50% floor on matching funds. For ACA the federal government assumes 90% of the cost.

Currently, federal rules allow revenue from taxes of up to 6% of health care providers and health plans to be eligible for federal matches and are reinvested in the healthcare system.

How Congress' Proposed Mandatory Spending Cuts Could Impact Medicaid

The budget plan which was adopted last Tuesday instructs the Energy and Commerce Committee, which oversees Medicaid, to identify $880 billion in mandatory spending cuts over the next 10 years. While the resolution doesn't specifically mention Medicaid, experts say it would be unfeasible to reach the target without significant cuts to Medicaid.

Just like any health care program there are some improper payments in Medicaid. Nevertheless, we can find no data or research that cuts of this magnitude can be achieved by "reform" or by cutting "waste, fraud and abuse." The result will no doubt be decreased access and coverage for individuals with IDD and all others who rely on Medicaid and typically do not have any other options.

In the absence of the 50% floor and the 90% federal match, the per capita income formula would set a matching rate for New Jersey of around 38%. The impact on NJ in annual loss of federal funds is estimated to be $5.2 billion.[8] CCP, SP and DC share of this annual loss is $478 million.[9]

If, instead, "per capita caps" were set, the annual loss of federal funds to the state of New Jersey is unknown.[10] According to The Kaiser Family Foundation analysis, the results of capping the cost per beneficiary will result nationally in 15 million fewer people receiving benefits by 2034 including 5.3 million children, 4.8 million adults eligible for the ACA expansion, 2.9 million

[7] Ibid. p 226-227
[8] *Modeling Impact to NJ Medicaid of Congressional Budget Proposals,* NJDHS, February 2025, p. 2.
[9] *Division Update for Individuals, Families and Providers.* NJDHS DDD. February 27, 2025. p.6-7
[10] *Modeling Impact to NJ Medicaid of Congressional Budget Proposals,* NJDHS, February 2025, p. 2.

parents and other adults under age 65, 1.3 million people with disabilities, and .6 million people ages 65 and older. KFF also notes that rural hospitals would be especially hard hit. [11]

If the tax and directed payments were restricted or forbidden by Congress, the annual impact on New Jersey is $4.2 billion.[12]

[11] *Capping Per Enrollee Spending Could Reduce Federal Medicaid Expenditures by $532 billion to Nearly $1 Trillion Over 10 Years Depending how State's Respond and Result in as Many as 15 million People Losing Medicaid Coverage by 2034,* Kaiser Family Foundation News Release. February 26, 2025. www.kff.org

[12] Ibid. p.3