Medicaid Long-Term Care in New York

July 22, 2026

FPI

Fiscal Policy Institute

Introduction

FPI
Fiscal Policy Institute

- Welcome to the second session of FPI's "Medicaid Boot Camp"!
- Slides and recordings will be shared.
- Organization of the class:
  - **Session 1:** Medicaid in General
  - **Session 2:** Long-term care
  - **Session 3:** Special topics: Waivers, provider taxes, hospital finance
  - **Session 4:** The future of Medicaid in New York
- Email me!
  - kinnucan@fiscalpolicy.org

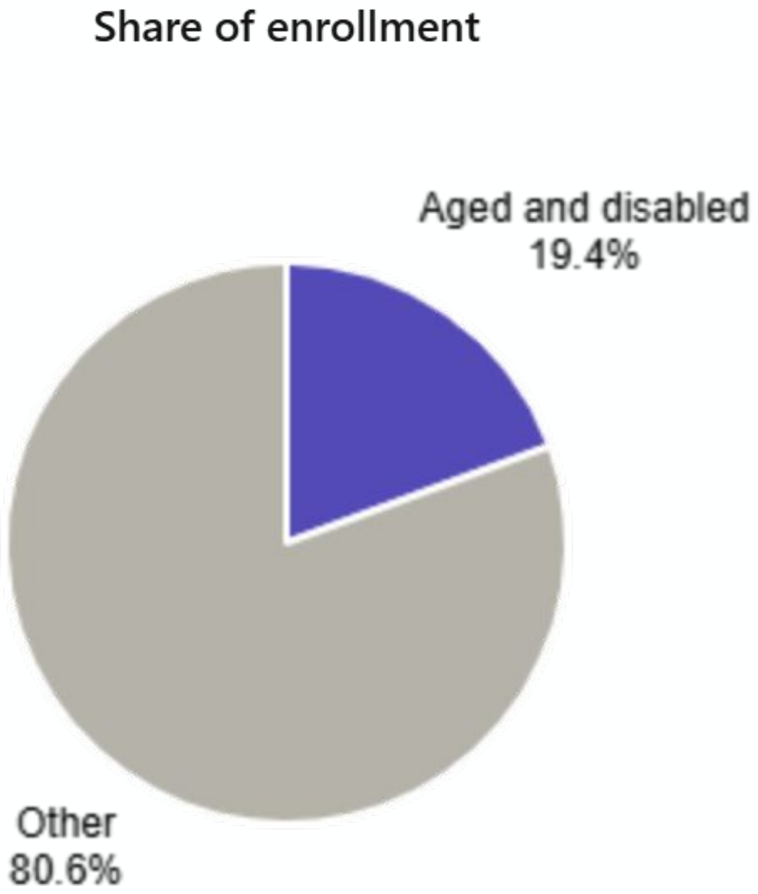
Session 2 Agenda

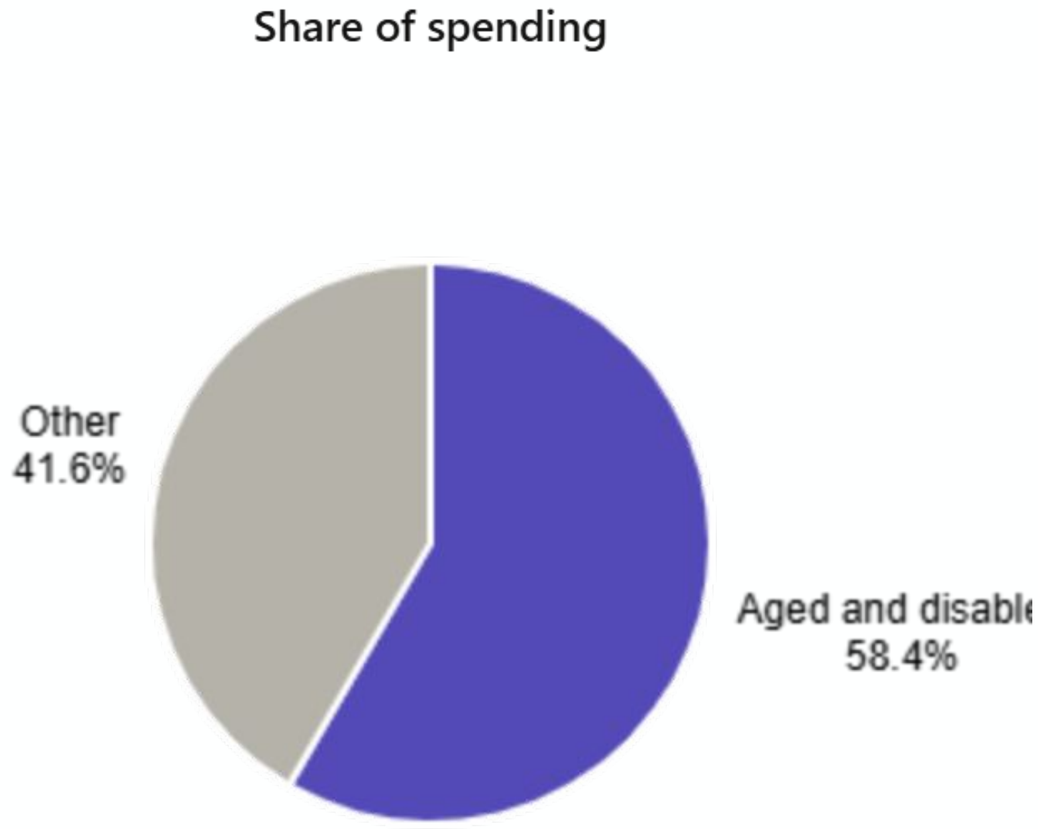
FPI
Fiscal Policy Institute

- What is “long-term care”?
- Why does MedicAID cover long-term care?
- How does the US compare to other countries on LTC?
- How does New York Medicaid cover long-term care?
- Managed long-term care
- Home care vs. nursing homes
- The cost of it all

Medicaid Spending: A Tale of Two Programs

FPI Fiscal Policy Institute



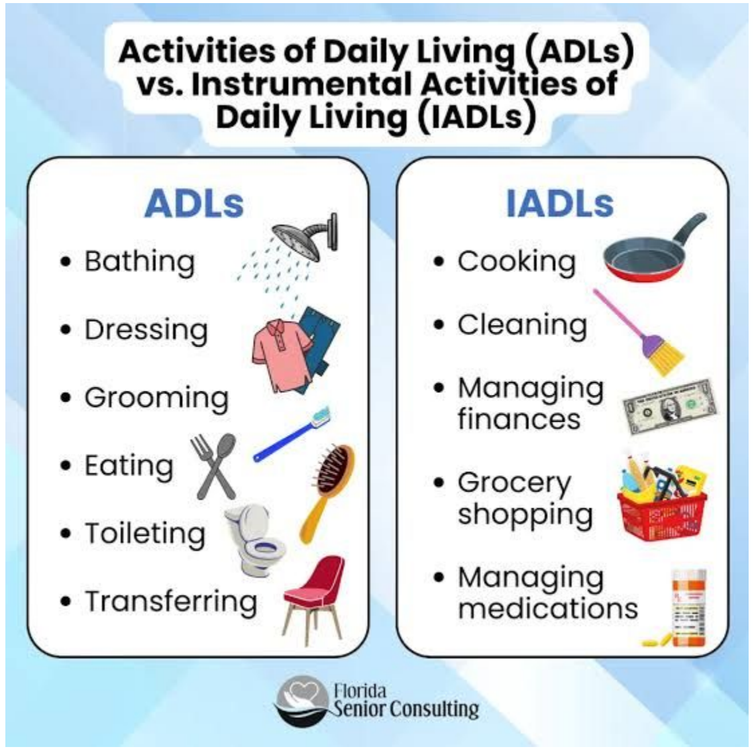


MACPAC 2025 data covering FFY2023.

Defining Long-Term Care

FPI
Fiscal Policy Institute

- People need “long-term care” when they require assistance with “activities of daily living” (ADLs) for an extended period, or indefinitely.



What is long-term care?

FPI
Fiscal Policy Institute

- Long-term care is usually **physical** and **non-medical.**
- Examples of long-term care:
  - Help with bathing and dressing.
  - Help moving around.
  - Help using the bathroom and getting on and off the toilet.
  - Help eating.
- Long-term care is **physically and emotionally demanding** to provide.

Who needs long-term care?

FPI
Fiscal Policy Institute

- Everyone needs help with ADLs when they're sick!
- Babies need help with ADLs
- Someone might need *long-term or indefinite* help with ADLs if they have a physical, intellectual or developmental disability
- Most elderly people require long-term care at some point:
  - 69% of people turning 65 today will need LTC at some point.
  - Men will need on average 2.2 years of care, while women will need 3.7 years.
  - 37% will need residential (nursing home) LTC.
  - *Source: US Administration for Community Living (ACL)*

How do people get long-term care?

FPI
Fiscal Policy Institute

- **Unpaid/informal care:**
  - The vast majority of LTC has historically been provided on an unpaid basis at home, usually by female family members
  - Today, ~25% of adults provide care to an adult – mostly unpaid.
    - 61% of informal caregivers are women. (AARP)
    - Most caregivers are over 50
- **Paid/formal care:**
  - The two major sources of **paid** long-term care in the US are **nursing homes** and **home care.**
  - While many people pay out of pocket for these services, **most** long-term care is paid for by Medicaid.

A Flurry of Terminology

FPI
Fiscal Policy Institute

- **Long-term care (LTC):** As discussed.
  - **Long-term supports and services (LTSS):** Basically the same thing.
- **Nursing home:**
  - Technically a **skilled nursing facility (SNF).**
  - Always includes “skilled” (credentialed) nursing care.
- **Assisted living facility:**
  - Lower “acuity” than a SNF, doesn’t provide nursing care.
  - Mostly private pay.
- **Home care, personal care:** Assistance with ADLs provided by a non-medical-credentialed “aide.”
- **Home health care:** “Skilled” (credentialed) care, not help with ADLs, not LTC.
  - But **“home health aides”** provide personal care in NYS.

Medicaid and Long-Term Care

FPI
Fiscal Policy Institute

- In the US, **Medicaid** is the primary payer for long-term care.
- Which is weird!
- **Medicare** pays for **healthcare** for elderly and disabled people.
- In 1965, Congress did not include long-term care in Medicare.
  - Medicare will pay for **short-term rehab** and **some home health.**
  - But if you need LTC (which 69% of old people will!) you're out of luck.
- That's where **Medicaid** comes in.

Medicaid and Long-Term Care

FPI
Fiscal Policy Institute

- Long-term care for low-income elderly people was included in Medicaid – **as an afterthought.**
- A poorly conceived, vaguely defined problem:
  - Before Medicaid, *most* elderly people who needed it received LTC for free from family members.
  - But some (without willing family, etc.) were in private, unregulated nursing/boarding houses, and some were in county homes for the aged.
  - Some of these depended on state assistance.
  - Congress said “eh what the heck, let’s let states use Medicaid to pay for that stuff.”
- **So began a great adventure…**

A Poorly Conceived Policy Problem

FPI
Fiscal Policy Institute

- What is the **problem** we're trying to solve here?
  - **The "orphanage" model:** Care is properly the responsibility of families, but some people don't have families, and the state should care for them.
  - **The "universal childcare" model:** In the *past*, families provided care, but this was a bad system and is no longer compatible with family and work patterns; the state should provide care for everyone.
- What is the **population** we're trying to help here?
  - Candidates for Medicaid LTC have a spectrum of need.
  - Medicaid is for the poor – but if you're paying for LTC out of pocket, you'll be poor soon!

Extremely High Costs

FPI
Fiscal Policy Institute

- Private-pay nursing home care costs ~$140,000 per year.
- 80 hours a week of home care at minimum wage costs $120k-$150k per year.
- Anyone who needs to pay for LTC out of pocket for an extended period will quickly spend down their life savings.
- As a result, it is extremely common for **middle-class people** who were never on Medicaid as able-bodied adults to end up on Medicaid when they need LTC.
- **Medicaid long-term care is a middle-class benefit – but a means-tested one.**
- Most Medicaid LTC recipients are **dual-eligibles –** enrolled in both Medicare and Medicaid.

Medicaid LTC: The Early Years

FPI
Fiscal Policy Institute

- In 1965 Medicaid created the first federally-funded LTC benefit by paying for **nursing home care.**
- By 1975 nursing home care was nearly half the budget.
- This new source of funding created a **new industry** overnight – the nursing home industry.
  - Mostly for-profit.
  - Mostly funded by Medicaid.
- The LTC benefit was **means-tested,** with both an income and an asset test.
- A typical trajectory was:
  - An elderly person would live on their own or with family for as long as possible.
  - When that stopped working, s/he would spend down their assets and go into a nursing home.

The Nursing Home Problem

FPI
Fiscal Policy Institute

- The new nursing home industry was plagued with problems:
  - Profiteering
  - Patient neglect and abuse.
- The challenge of regulating for-profit care for a vulnerable population produced an endless series of scandals.
- Despite many cycles of regulation, we have **never** really solved this problem.
- Problems didn’t stop nursing home growth:
  - An aging population and changing family patterns drove demand.
  - Nationally, there was a permanent shortage of beds.

The Growth of Home Care

FPI
Fiscal Policy Institute

- By the 1970s, problems with nursing home care were widely recognized and people were already discussing **home care** as a solution.
- Home care is:
  - Arguably cheaper than nursing home care, at least for low-acuity patients.
  - Strongly preferred by most recipients.
- New York was a pioneer in home care.

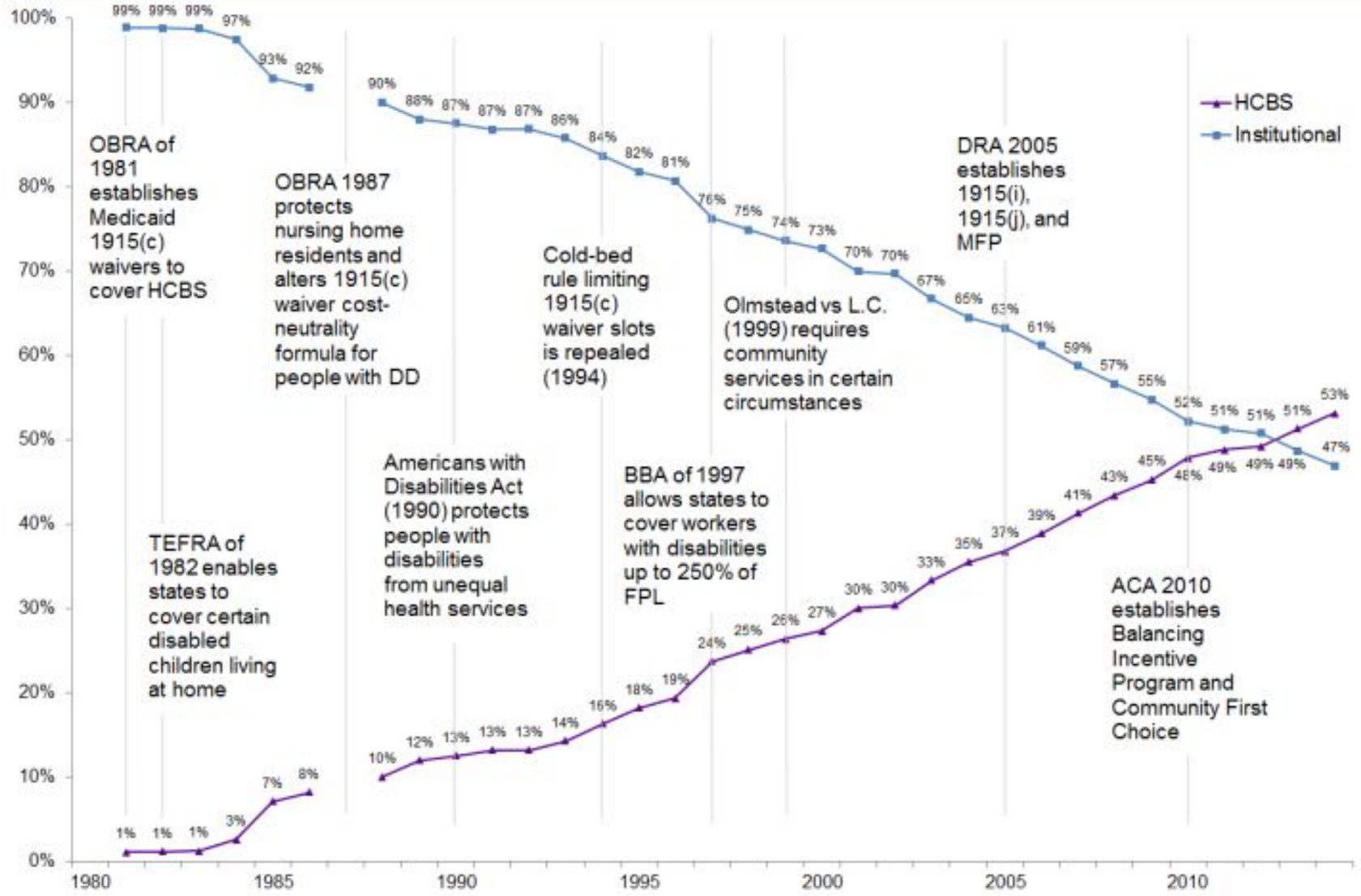
The Growth of Home Care

FPI
Fiscal Policy Institute

- By the 1970s, problems with nursing home care were widely recognized and people were already discussing **home care** as a solution.
- Home care is:
  - Arguably cheaper than nursing home care, at least for low-acuity patients.
  - Strongly preferred by most recipients.
- From the 1980s on, the federal government sought LTC “rebalancing.”

FPI
Fiscal Policy Institute

Figure 1. Medicaid HCBS and Institutional Expenditures as a Percentage of Total Medicaid LTSS Expenditures, FY 1981–2014



NOTE: ICF/IID data for FY 1987 were nearly double expenditures for FY 1986 and for FY 1988. The reason for the one-time reported increase in expenditures is not known, and data from this outlier year are excluded.

Source: CMS, "Evolution of Medicaid Expenditures on LTSS," 2016.

Home Care Questions

FPI
Fiscal Policy Institute

- Home care is cheaper than NH care on a per-person basis, particularly for low-needs clients.
- But home care isn’t a 1:1 replacement for NH:
  - Many people who are in NHs can’t be safely cared for at home.
  - Many people who would never enter an NH do seek Medicaid home care.
- Home care in Medicaid increases overall spending by a lot and decreases nursing home admissions by a little.

FPI
Fiscal Policy Institute

Medicaid Long-Term Care in New York

Long-Term Care in New York

FPI
Fiscal Policy Institute

- New York Medicaid operates the largest LTC program in the country, driving substantial Medicaid spending.
- The state spends perhaps $25B / year (including federal match) on home care alone.
- Most home care is delivered through a poorly designed Managed Long-Term Care (MLTC) program.
- Enrollment and costs have increased rapidly, driving political conflict.

The Economic Weight of Home Care

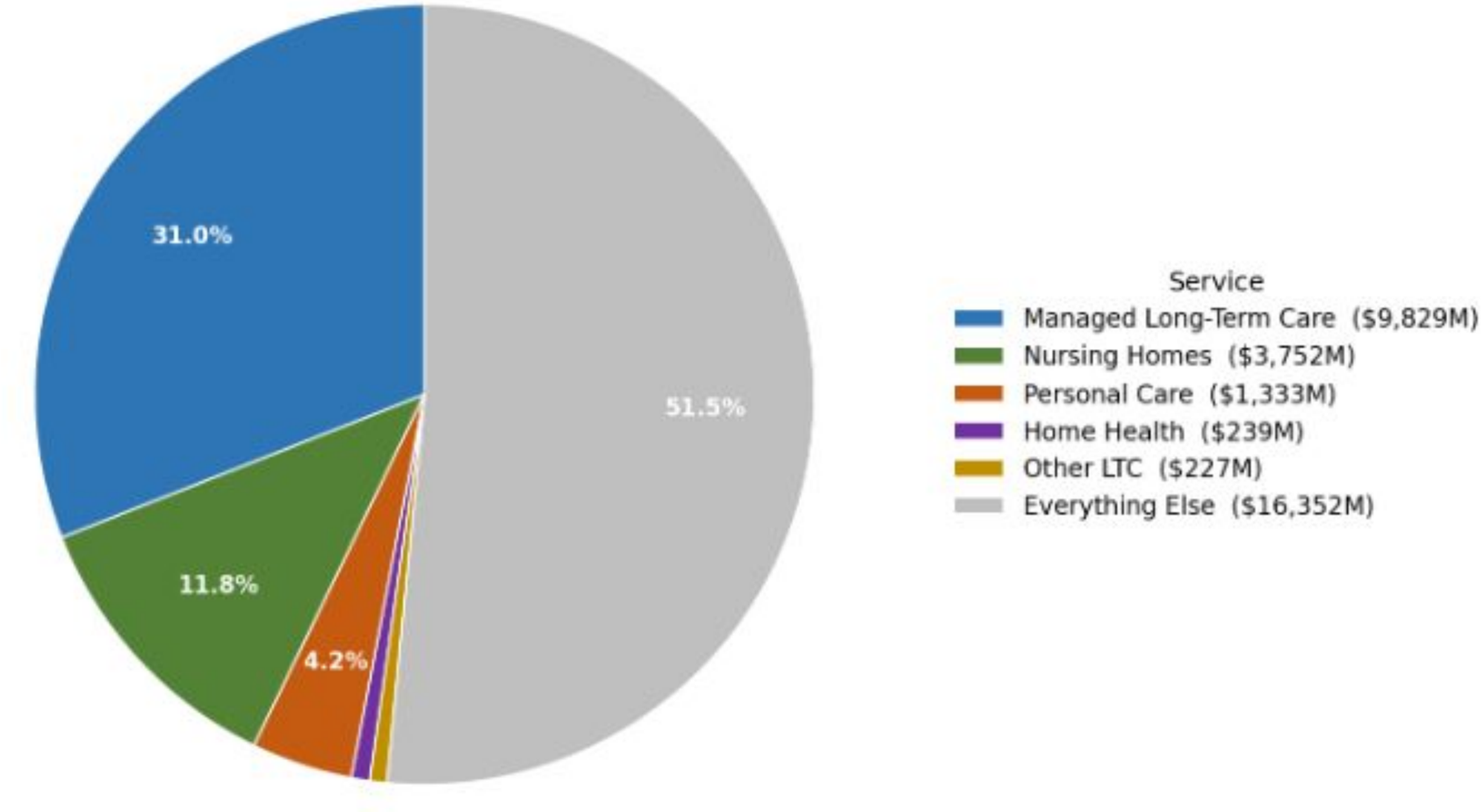
FPI
Fiscal Policy Institute

- Personal care employment in NYS is **663,000** in 2025 (BLS)
  - Up from 313,000 in 2015.
  - For comparison: There are **169,000** fast-food workers, **238,000** retail salespeople, **206,000** RNs.
- Home care workers make a median wage of $19.58/hour or $41k/year.
- State policy **sets the terms** for a massive share of the low-wage labor market.

Long-Term Care in New York

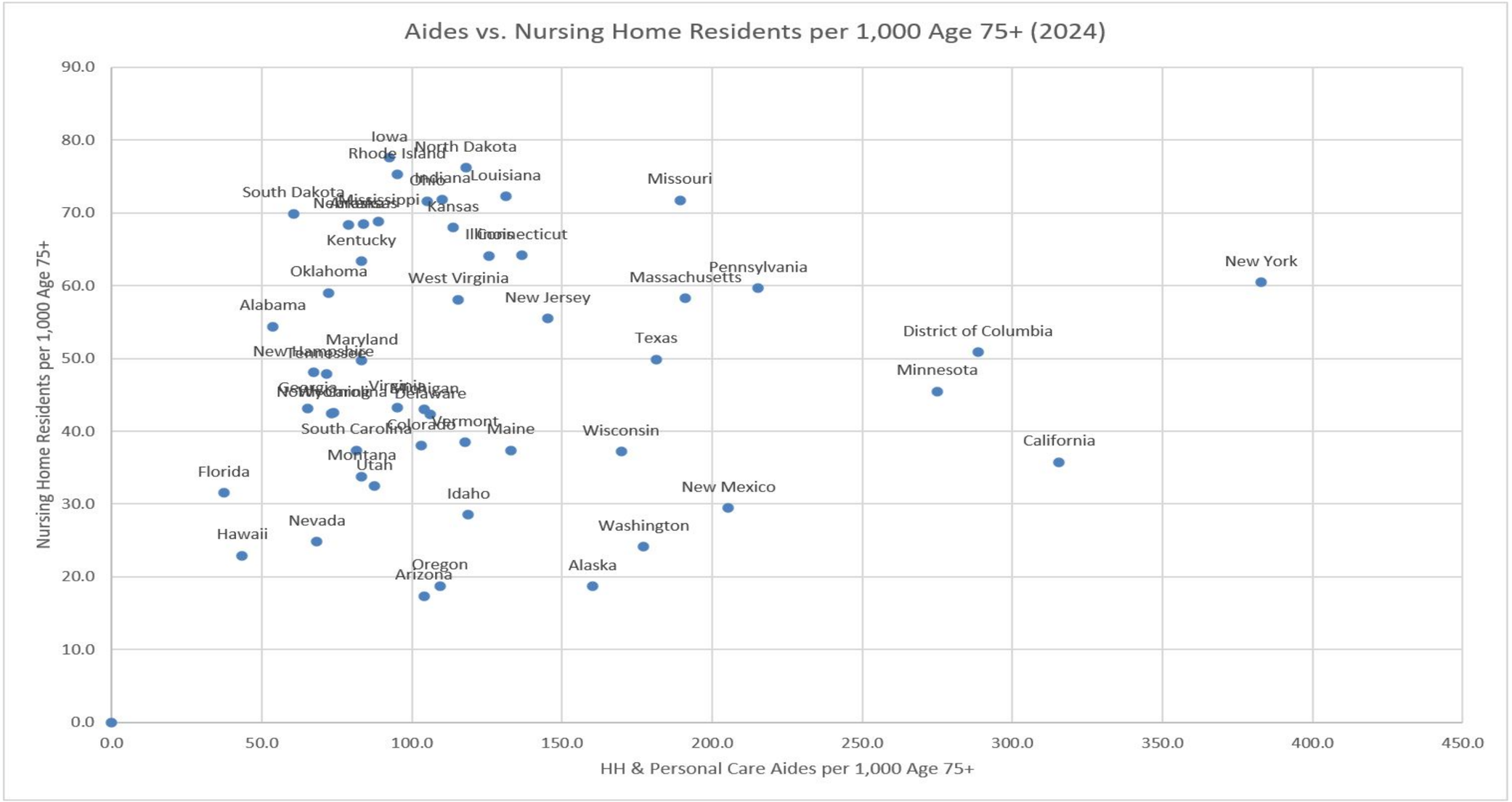
FPI
Fiscal Policy Institute

FY25 State-Share Medicaid Spending (Global Cap Report)



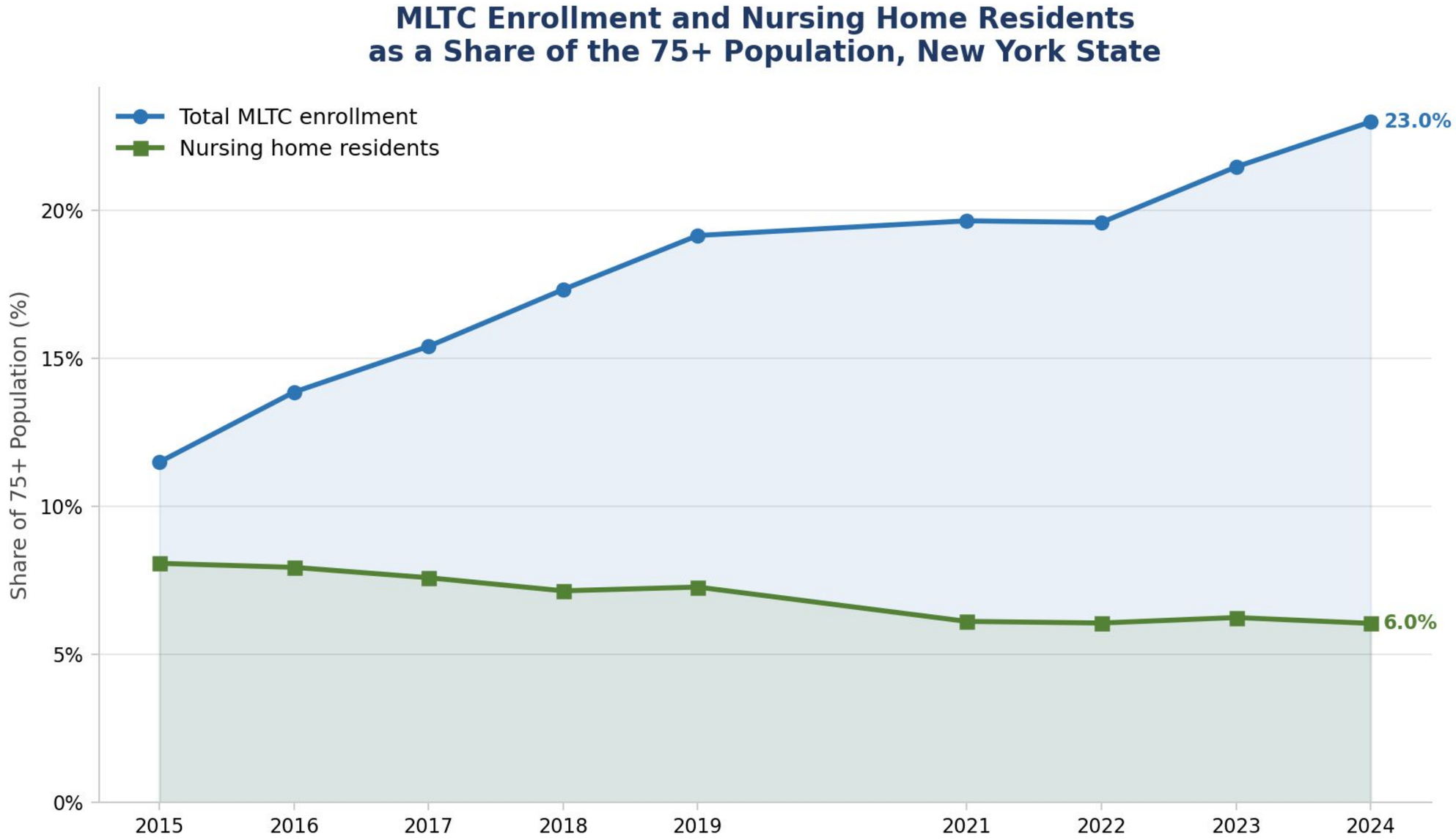
National Context

FPI
Fiscal Policy Institute



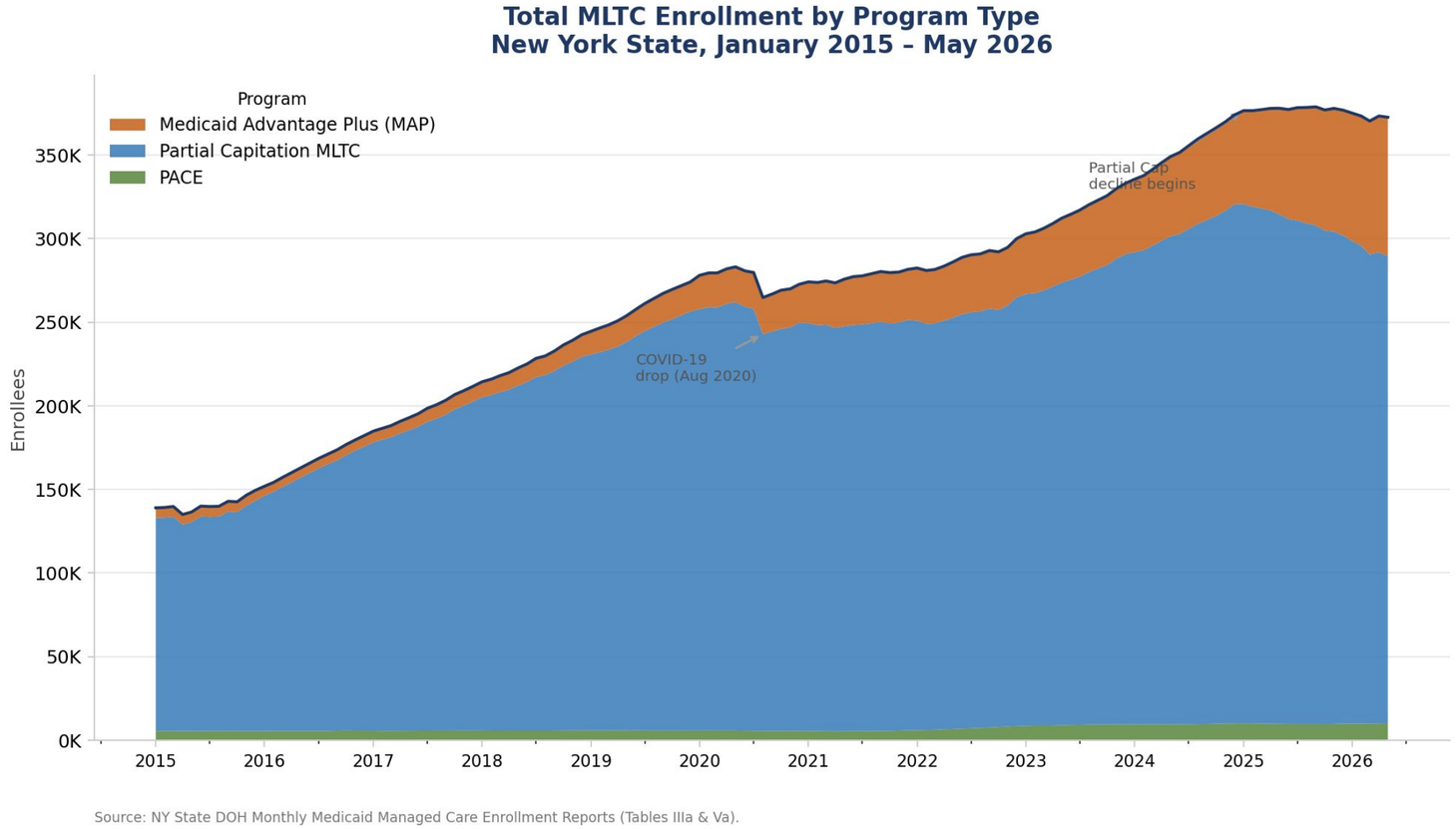
Home Care Growth and Aging

FPI
Fiscal Policy Institute



Home Care Enrollment Growth

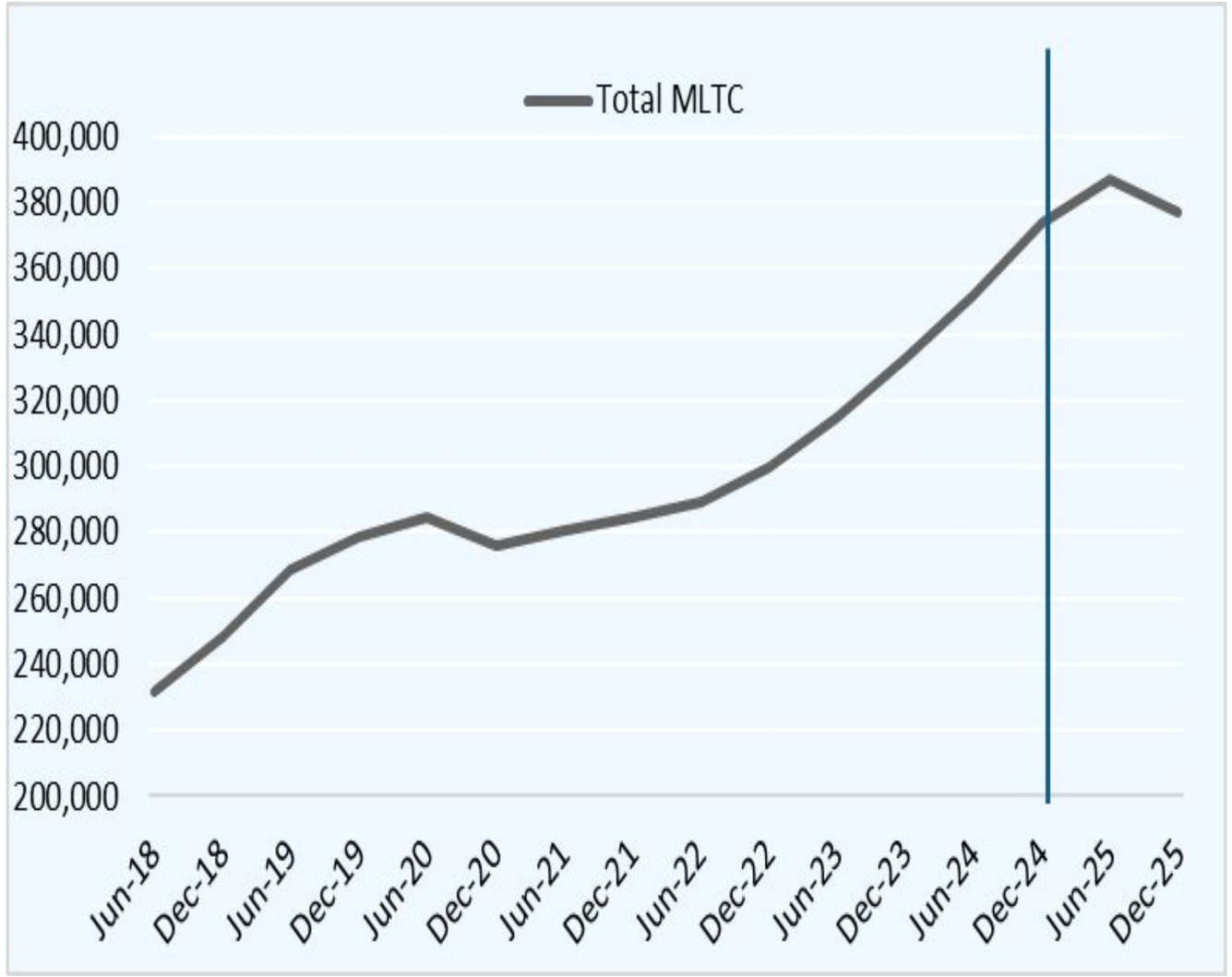
FPI
Fiscal Policy Institute



Total MLTC Enrollment, 2018-2025. (NYSDOH Medicaid Managed Care Enrollment Reports)

Home Care Enrollment Growth

FPI
Fiscal Policy Institute



Total MLTC Enrollment, 2018-2025. (NYSDOH Medicaid Managed Care Enrollment Reports)

Home Care in New York

FPI
Fiscal Policy Institute

- Home care is the largest component of LTC spending in New York.
- About 400k people receive Medicaid home care vs. ~70k nursing home care.
- Home care is delivered through two major programs:
  - **Agency (LHCSA) care:** An agency employs home health aides and is paid by Medicaid. The agency assigns aides to clients.
  - **Consumer-Directed Personal Assistance Program (CDPAP):** The consumer selects a home care worker, who may be a friend or family member. The worker is paid through a **fiscal intermediary (FI).**

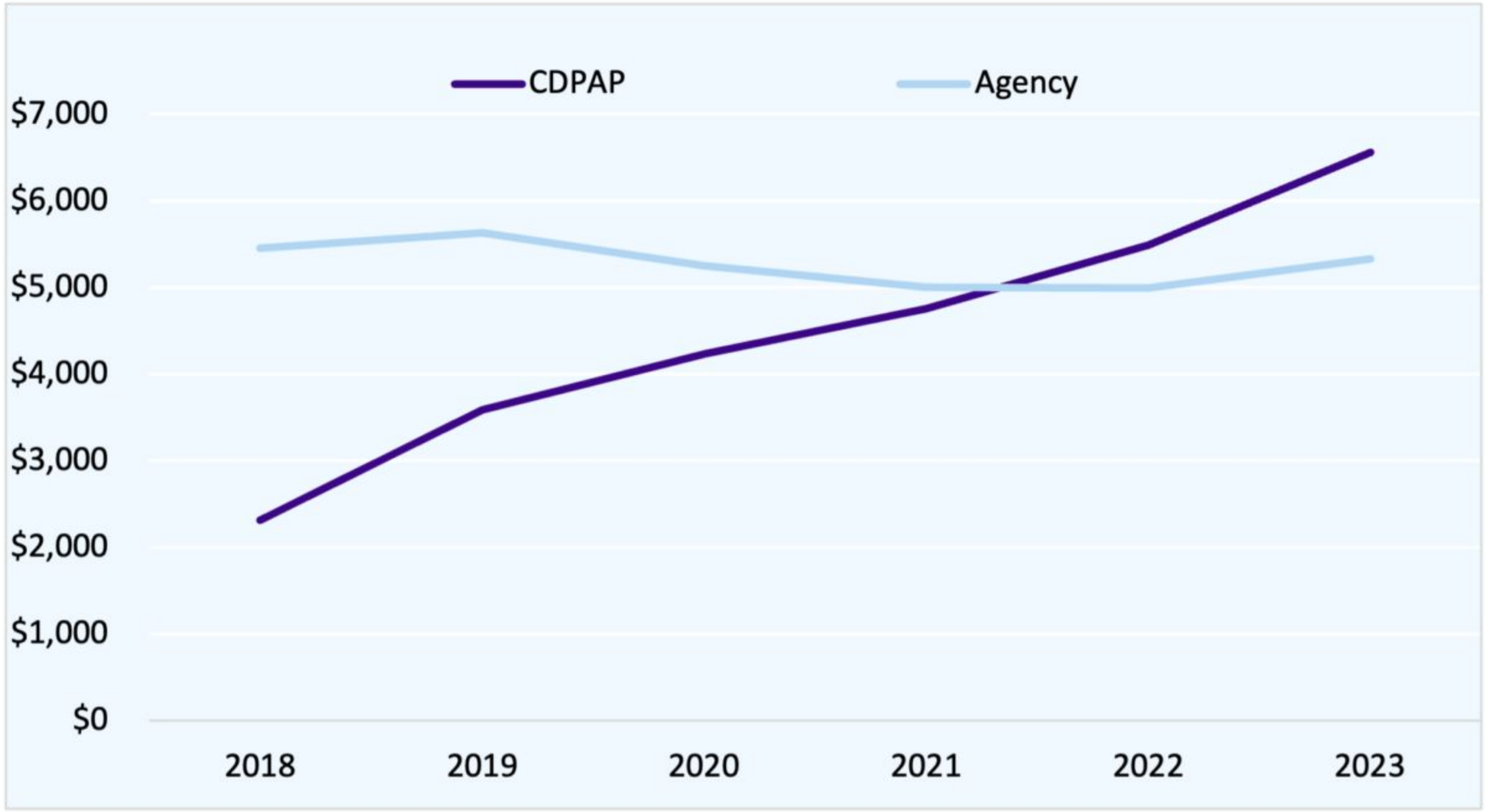
The Wage Parity Law

FPI
Fiscal Policy Institute

- Home care workers in New York are underpaid for physically and emotionally demanding work.
- However, the state has been a national leader in regulating home care wages through the **Wage Parity Law (2011).**
- The law sets minimum wages and benefits for home care workers.

CDPAP Growth 2018-23.

FPI
Fiscal Policy Institute



CDPAP Controversies

FPI
Fiscal Policy Institute

- CDPAP was originally won by the disability rights movement as a way to ensure autonomy for disabled people.
- The program has been around since the 1980s and was very small until the 2010s.
- Due to MLTC in 2011 and liberalization of CDPAP rules in 2015, CDPAP grew rapidly between 2011 and 2024 – from less than 10% of home care to around 60%.
- CDPAP workers were paid through FIs – some nonprofit but mostly for profit – who advertised the program aggressively.

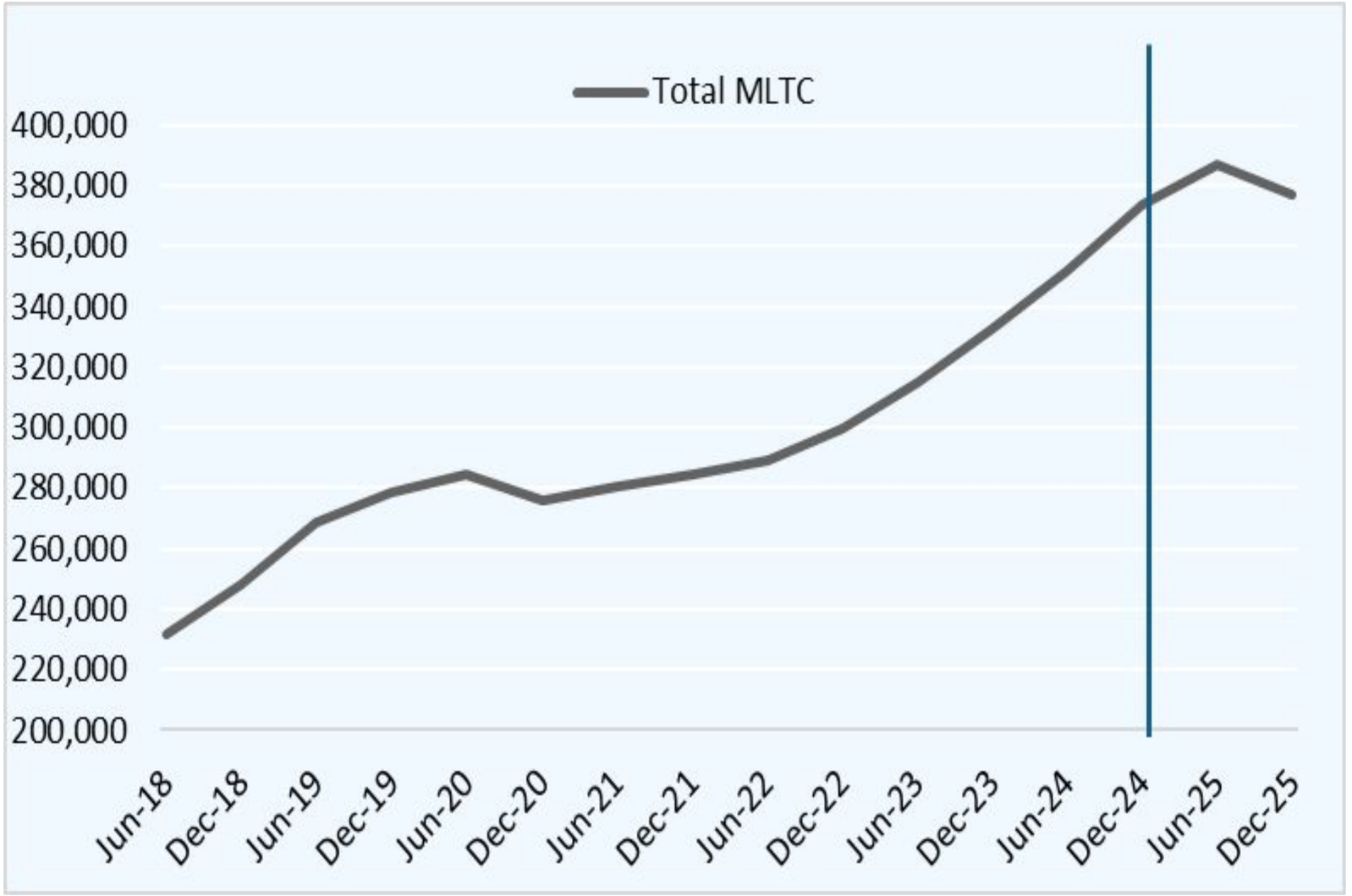
The FI Transition

FPI
Fiscal Policy Institute

- The Hochul administration saw CDPAP FI advertising as responsible for MLTC growth.
  - Hochul also leveled (unproven) allegations of fraud at the program.
- To rein in the FIs, in 2025 the state consolidated the program under a single statewide FI called PPL.
- This transition was extremely disruptive to the program, leading to lost wages and a $165M wage theft settlement.

CDPAP Transition Dramatically Slows MLTC Growth

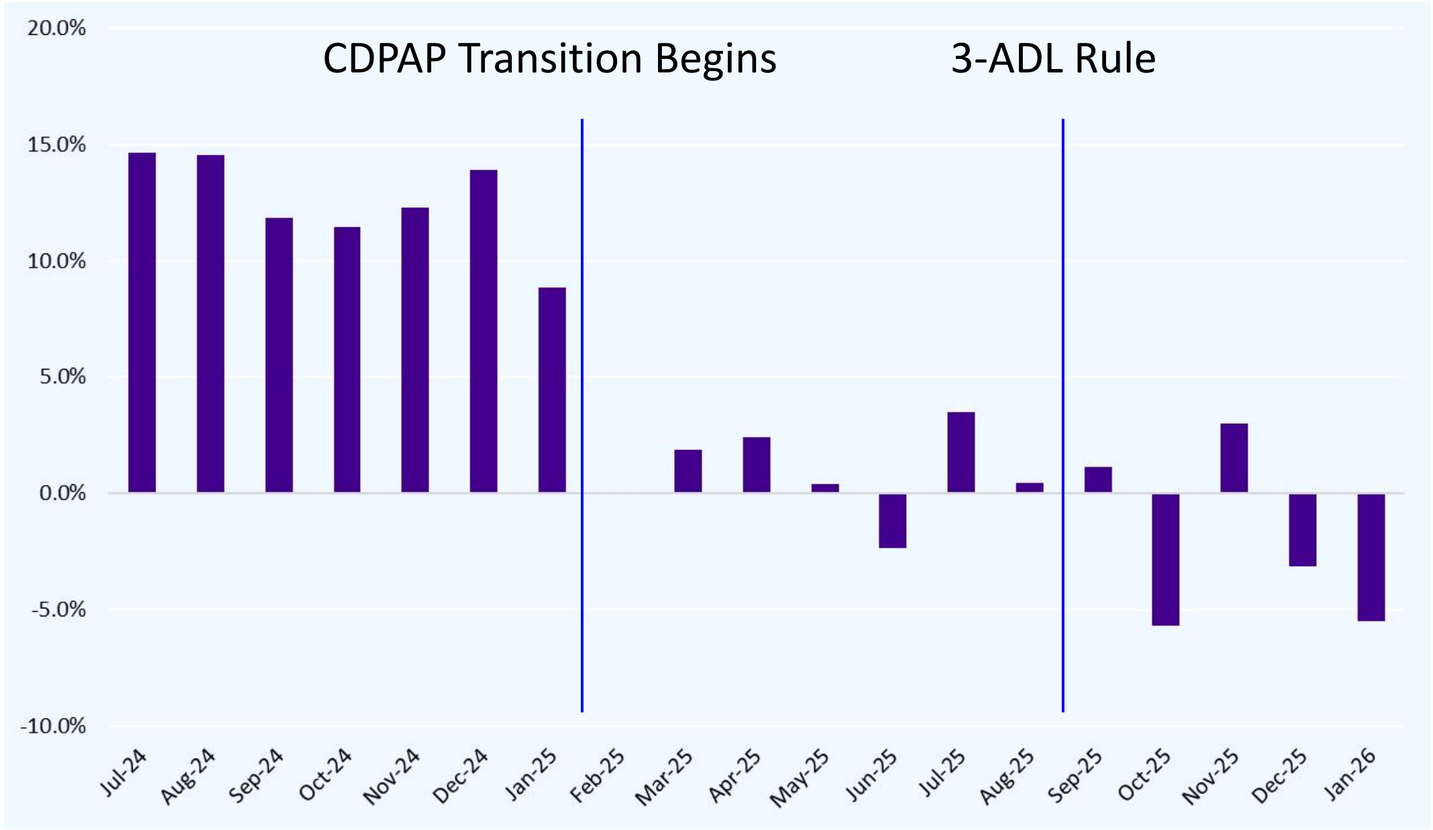
FPI
Fiscal Policy Institute



Total MLTC Enrollment, 2018-2025. (NYSDOH Medicaid Managed Care Enrollment Reports)

CDPAP Transition Dramatically Slows MLTC Growth

FPI
Fiscal Policy Institute



Annualized MLTC enrollment growth by month, July 2024-January 2026.
(NYSDOH Managed Care Enrollment Reports)

Managed Long-Term Care

FPI
Fiscal Policy Institute

- As discussed last week, **mainstream** (health insurance) Medicaid went to managed care in 1996.
- In 2011, under Governor Cuomo's "Medicaid Redesign Team," the state decided to pursue mandatory "Managed Long-Term Care."
- What does that mean?
  - Beneficiaries enroll with an insurance company – a "managed care organization" (MCO).
  - The MCO receives a "capitation rate" or "PMPM" of ~$4500/month or $50-$60k per year per enrollee.
  - The MCO pays for LTC out of this capitation payment.
  - Nursing home care was initially included but is now carved out – 85% of spending goes to home care.

MLTC: The Worst Idea in the World

FPI
Fiscal Policy Institute

- The theory: MLTC MCOs get a fixed capitation rate, so they'll have an incentive to hold down costs:
  - Optimist: By managing care and improving patient well-being.
  - Pessimist: By refusing to provide care.
- The practice:MCOs get a fixed capitation rate, so they can profit by:
  - Recruiting relatively "healthy" patients into the program.
  - Getting relatively "unhealthy" patients to go somewhere else.
- MCOs have a powerful incentive to (1) advertise the program to relatively low-need clients while (2) denying care to the highest-need clients.
- The result: Rapidly growing state spending alongside a shortage of care.

Why is LTC spending high and growing in New York?

FPI Fiscal Policy Institute

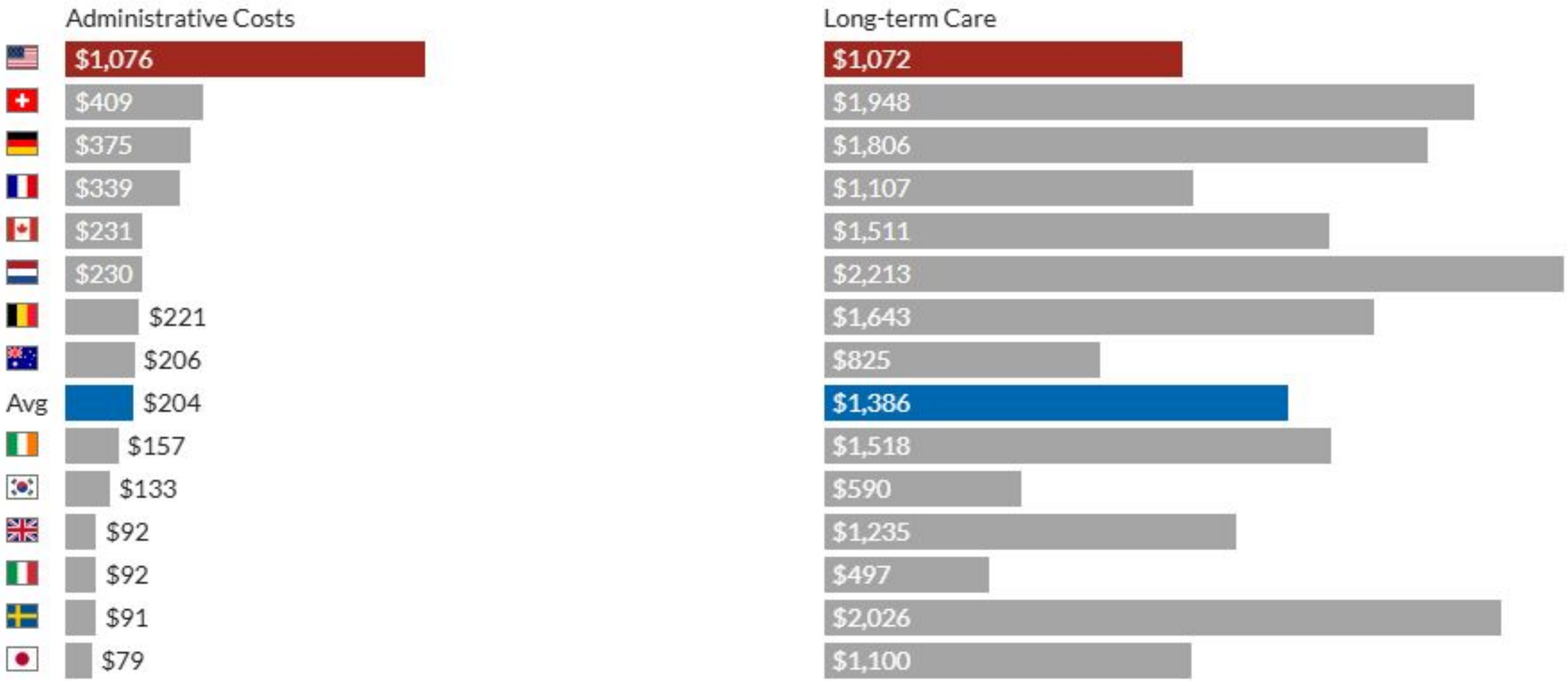
- The opposite of a mystery!
- New York has:
  - Generous eligibility rules
  - No hours or enrollment caps.
  - Relatively high wages.
- In addition, in the past 10 years New York has:
  - Implemented an MLTC program that seems designed to grow the program.
  - Loosened rules for family caregivers in CDPAP.

Maybe NYS is Doing Something Right

FPI
Fiscal Policy Institute

The United States spends more on administrative costs but less on long-term care than other wealthy countries

Costs per Capita ($)



Source: Organisation for Economic Co-operation and Development • Embed • Download image

FPI
Fiscal Policy Institute

The Future of Home Care

The Great Bipartisan Home Care Backlash

FPI Fiscal Policy Institute

- For 30 years, growing Medicaid home care has been a *consensus* policy at the state and federal levels ("rebalancing").
- Now, federal AND STATE lawmakers are turning against home care
- Policymakers increasingly view home care through the lens of **Medicaid fraud.**


Home Health Care News

New York Governor Kathy Hochul Calls State's Self-Directed Care Program A 'Racket'

By **Andrew Donlan** | July 22, 2024


METRO EXCLUSIVE

Dr. Oz launches fraud probe of New York's $124B Medicaid program

By Carl Campanile

Published March 3, 2026 | Updated March 3, 2026, 1:08 p.m. ET

60 Comments

The **Real** Policy Questions

FPI
Fiscal Policy Institute

- Is home care a **universal entitlement** or a **needs-tested last resort?**
- To what extent should **family caregivers** be expected to provide care for free?
- Should one-on-one home care be the **dominant model of LTC,** or are there ways to integrate care with **housing and community settings?**

The Stuff We Didn't Cover

FPI
Fiscal Policy Institute

- Our discussion focused primarily on home care for the **elderly,** but adults with disabilities also rely on home care!
- New York provides a variety of LTSS for people with **intellectual and developmental disabilities** through the Office for People With Developmental Disabilities (OPWDD)
- While MLTC is the **main** program providing home care, we also have a Nursing Home Transition and Diversion (NHTD) waiver which has grown rapidly to ~14,000 enrollees in recent years.
- While "Partial Cap" MLTC is the main MLTC program with 380k enrollees, "Medicaid Advantage Plus" and PACE are others – and MAP is growing fast.

FPI
Fiscal Policy Institute

Q & A