

Medicaid Cuts Could Hurt Older Adults Who Rely on Home Care, Nursing Homes

Congressional Republicans' proposals to slash billions of dollars from federal Medicaid funding would shift burden to states.

April 4, 2025 By Anna Claire Vollers and Stateline

Dr. Fred Levin has been watching with growing alarm the national debate around federal cuts to Medicaid. He's responsible for the medical care of about 100 older adults at the Community PACE center in rural Newaygo, Michigan. For his patients, Medicaid isn't just a safety net — it's a matter of life or death.

"If left to see to their own needs, a lot of them would stay in their homes and would slowly die," he said. "They wouldn't be able to get to their doctors' appointments unless they had a family member to help. They wouldn't get social care. They wouldn't have people coming into their homes and seeing the bed bugs or the lice in their hair. They wouldn't get their medications."

The care at Community PACE is paid for by Medicaid, the state-federal health insurance program for people with low incomes or certain disabilities, and Medicare, the federal insurance program for people 65 and older. The center is [a one-stop shop](#) that provides medical and social services to older adults during the day, allowing them to continue living safely in their homes.

If Congress cuts funding to Medicaid, Levin expects his center would probably close. Unlike traditional nursing home care, which state Medicaid programs are required by federal law to cover, the services at PACE centers like his are an optional benefit that [33 states](#) have opted to cover.

Around the nation, doctors, lawmakers, advocates and patients are watching anxiously as Republicans in Congress consider proposals to slash billions of dollars from federal Medicaid funding as they look to offset trillions in proposed tax cuts. The specific nature of the funding cuts are still being hammered out. But any reductions to federal Medicaid spending would shift those costs to states.

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nursing home or received help at home with cooking, bathing, dressing, chances are Medicaid was involved.

– Natalie Kean, director of federal health advocacy,

Justice in Aging

The additional financial burden could blow [billion-dollar holes](#) in state budgets, forcing state lawmakers to slash health benefits or restrict who's eligible for them. Nearly a fifth of Americans rely on Medicaid, and the percentage is even higher in some states.

"There are a lot of people who don't pay attention to this because they think it doesn't affect them personally," Levin said. "But 1 in 4 people in Michigan are on Medicaid. It's very likely you have friends or family on Medicaid."

Nearly all Americans over age 65 are covered by Medicare, which Republicans have pledged not to touch. Medicare doesn't cover most nursing home or other long-term care, however. Neither does most private insurance.

But Medicaid does.

"If you have an older adult in your life who has been in a nursing home or received help at home with cooking, bathing, dressing, chances are Medicaid was involved," said Natalie Kean, director of federal health advocacy for Justice in Aging, an advocacy group focused on addressing poverty among older people.

"Many of us have a connection to the program or will one day," she said.

A divided front

Conservatives have long argued for reducing the reach of Medicaid. They [say](#) the program is too expensive and that its expansion under the Affordable Care Act, also known as Obamacare, diverts too much money toward able-bodied adults and away from the more vulnerable populations it was originally intended to help.

But policy experts say that reducing coverage for some Medicaid recipients, such as the working adults who got coverage under expansion programs, will have ripple effects on vulnerable groups such as children and older adults.

Republicans aren't united in a desire to see massive cuts.

Last month, Nevada Gov. Joe Lombardo, a Republican governor in a purple state, publicly [called on Congress not to slash Medicaid funding](#).

Earlier this week, Washington Republican state Rep. Michelle Caldier [wrote a letter](#) to Trump asking him to reconsider cuts to Medicaid and expressing her concern about the large number of military retirees and senior citizens in her district.

Caldier, a dentist who has worked with nursing home patients, told Stateline she believes the most likely cuts would be a reduction in the amount the federal government matches state spending for working adults who are covered under Medicaid expansion. That, she said, would have little impact on older adults.

“The only caveat is that I am very worried that the leadership in our state does not have a good relationship with our president,” Caldier said. Democrats control the offices of governor and both legislative chambers in Washington state. Caldier worries that if Washington lawmakers defy the president over issues such as gender-affirming care for transgender youth, the feds could retaliate by slashing their Medicaid payments to the state.

“If we got into a political match with the president, we would lose, no matter how you slice or dice it,” she said.

In Idaho, Republican state lawmakers [shot down a bill](#) that likely would have repealed Medicaid expansion, before passing one that will introduce sweeping policy changes in an effort to control costs.

Even in Congress, some Republicans are [balking](#), publicly defending Medicaid and warning about the consequences of deep cuts. Some who have high percentages of Medicaid recipients in their districts have urged party leaders not to cut funding for the program and have vowed to vote against any budget plan that does so.

Medicaid covers 72 million Americans. A majority of American adults, including two-thirds of Republicans, say they [want Congress to either maintain current Medicaid spending or increase it](#), according to a February 2025 poll from KFF, a health policy research group.

President Donald Trump has [said](#) in recent months that he [won't touch Medicaid](#). But last month, U.S. House Republicans pushed through a budget plan, now under consideration in the Senate, that calls for [about \\$880 billion in cuts to Medicaid](#) over the next decade to help counterbalance the Trump administration's desired \$4.5 trillion in tax cuts.

Facing cuts that large, states would have to figure out which benefits to chop in order to keep their budgets balanced, which is a constitutional requirement in most states.

Older adults and people with disabilities already account for [more than half of states' Medicaid spending](#), on average. In some states, including Alabama, Florida, Kansas, Mississippi and North Dakota, those groups account for two-thirds of state Medicaid spending.

Idaho state Sen. Melissa Wintrow, a Democrat on the state Senate Health & Welfare committee, said her biggest concern is Congress reducing the federal match rate. This is the amount of money the federal government chips in to help states pay for Medicaid. How much a state receives mainly depends on how wealthy its residents are. Richer states such as California and Connecticut get less help, while poorer states get more.

In Idaho, on the poorer end of the spectrum, the feds pay about 67% of traditional Medicaid costs and 90% of Medicaid expansion costs.

“It is all a domino effect,” Wintrow said. The federal government covers about \$3 billion of Idaho’s \$4.2 billion Medicaid budget. “If the feds start chopping that off, it’s going to impact everything.”

Cutting care at home

All state Medicaid programs have opted to cover at least some home-based and community care, such as home health aides who assist people with bathing, toileting and other daily living activities, transportation and adult day care.

Kean and other experts worry that because federal law doesn’t require state Medicaid programs to cover home-based care, state lawmakers might sharply reduce spending on those services — or even eliminate coverage.

“When states have budget shortfalls, they start to tighten eligibility for the home-based programs,” said Kean. “We’re certain those would be the first to go if federal funding is cut for Medicaid.”

Paying for home-based services out of pocket would exhaust the median Medicare recipient’s savings in less than two years, [according](#) to KFF.

The median cost of a year of a full-time aide to help is about \$62,400, far above the median income for Americans over 65, which is about \$36,000. The median life savings for Medicare beneficiaries was \$103,800 in 2023.

Home-based services are a popular benefit for state Medicaid programs, because most enrollees prefer to remain in their homes. And despite the expense, home care can be more cost effective than nursing homes — about \$38,000 vs. nearly \$54,000 per year in 2021, according to a KFF [analysis](#).

Cutting Medicaid also could make it harder to recruit and keep a workforce of nursing home and home health employees.

Over the past two years, most states — even those led by Republicans — [increased](#) their Medicaid payment rates for those services, in an effort to combat the [nationwide shortage](#) of long-term care workers.

But federal funding cuts could jeopardize what states are able to pay those workers.

“There’s already a direct-care workforce crisis,” Kean said. “Even if eligibility isn’t directly cut or programs aren’t cut, there wouldn’t be enough workers to provide that care. At home and in nursing facilities, the quality of care will go down.”

In rural Michigan, Levin said the PACE center where he works employs about 100 people. Its closure would impact not only those workers, but also would mean his patients would be left to find transportation and other health services on their own, even if those services are still covered by Medicaid.

“Without access in rural areas, how are these individuals going to get to the bigger cities where they can get to their health care? It’s going to overwhelm other parts of the health care system,” Levin said.

“Everybody’s going to be responsible for taking care of the people who don’t have health insurance, in some indirect way or another. It’s going to affect us all.”

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