



Sequestering Meals on Wheels Could Cost the Nation \$489 Million per Year

By Jessica Schieder and Patrick Lester ¹
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Sequestering Meals on Wheels funds could cost taxpayers far more than it saves. While across-the-board spending cuts that began March 1, called sequestration, are expected to reduce spending on Meals on Wheels programs this year by an estimated \$10 million,² these savings will be dwarfed by at least \$489 million per year in increased spending on Medicaid, both this year and in each subsequent year that sequestration remains in place.

Outside of Washington, waiting lists for Meals on Wheels enrollees have received media attention, but the expected savings have remained largely unquestioned.³ In reality, cutting Meals on Wheels will very likely *increase* the federal deficit by increasing the overall cost burden and shifting it to Medicaid, local charities, and other programs.

Overall, Meals on Wheels saves the federal taxpayers money by helping participants live at home instead of living in comparatively expensive nursing homes. The average cost to Medicaid of nursing home care per patient is approximately \$57,878 annually.⁴

By contrast, the cost to Medicaid of home care is much lower, approximately \$15,371 annually, or \$42,507 less than nursing home care.⁵ Nationally, according to a survey by the Administration on Aging, as many as “92% [of enrollees] say Meals on Wheels means they can continue to live in their own home.”⁶

Based on these estimates, our analysis suggests that sequestering Meals on Wheels funds will actually cost the U.S. taxpayer \$479 million dollars over the seven months it will be implemented during this federal fiscal year, which ends September 30 (see the appendix for details of this estimate). Moreover,

¹ Jessica Schieder is a fiscal policy aide and Patrick Lester is Director of Fiscal Policy at the Center for Effective Government. For more information, contact Patrick at 202-683-4859 or plester@foreffectivegov.org.

² Meals on Wheels Association of America.

³ *The Morning Sentinel*, “Federal cuts limit Meals on Wheels program, forcing waiting list,” March 30, 2013, <http://www.onlinesentinel.com/news/Federal-cuts-limit-Meals-on-Wheels-program-forcing-waiting-list.html?pagenum=1>.

⁴ Derived from the Kaiser Family Foundation website “State Health Facts: Providers & Service Use,” <http://www.statehealthfacts.org/comparecat.jsp?cat=6&rgn=6&rgn=1>. See detailed explanation in appendix.

⁵ According to the Kaiser Commission on Medicaid and the Uninsured, the average cost of Medicaid home care (HCBS) is \$15,371 per person per year; Kaiser Commission on Medicaid and the Uninsured, “Medicaid Home and Community-Based Services Programs: 2009 Data Update,” 2012, p. 2, <http://www.kff.org/medicaid/upload/7720-06.pdf>.

⁶ Administration on Aging, “National Survey of OAA Participants 2003-2011,” <http://www.agidnet.org/>.

because sequestration-related cuts are expected to increase in FY 2014 and beyond, if sequestration is not reversed, Medicaid-related costs will increase even more in those years.⁷

A Local Example

For professionals in the field of senior care, the short-sightedness of sequestration cuts is not surprising. Debra Silva, a vice president at Spectrum Generations in Maine, commented in an interview, saying, "[Meals on Wheels] helps keep [seniors] in their home longer and costs far less than sending them to the emergency room or an assisted-living facility."⁸

Many centers are choosing to reduce services to current recipients, as well as restricting the number of new clients. Unfortunately, for some senior recipients, reducing the number of meals a client is receiving can be just as detrimental as denying the service completely.

For one of Spectrum Generations' clients, Mary Rouleau, who broke her neck last year during a fall, limited mobility makes her dependent on regular visits from her Meals on Wheels program.⁹ Because she is unable to complete some basic tasks, including lifting meals out of the oven and preparing vegetables, Mary relies on "sandwiches and TV dinners" in between Meals on Wheels visits.¹⁰

Mary is just one of the millions of seniors concerned about their food security, in a country where one in 20 seniors is at risk of hunger.¹¹

⁷ Part of the cost of sequestration this year was eliminated by the American Taxpayer Relief Act.

⁸ *The Morning Sentinel*, "Federal cuts limit Meals on Wheels program, forcing waiting list," March 30, 2013, <http://www.onlinesentinel.com/news/Federal-cuts-limit-Meals-on-Wheels-program-forcing-waiting-list.html?pagenum=1>.

⁹ Ibid.

¹⁰ Ibid.

¹¹ Ziliak, J., & Gundersen, C., *Senior hunger in the United States: Differences across states and rural and urban areas*, University of Kentucky Center for Poverty Research Special Reports, September 2009, <http://www.ukcpr.org/Publications/seniorhungerfollowup.pdf>.

Appendix A: Federal Spending on Meals on Wheels Compared to Placing Seniors in Nursing Homes

Number of Meals Lost Due to Sequestration:¹²	4 million
Savings from Sequestered Meals (in \$):¹³	\$10 million
Percentage Drop in Meals Served:¹⁴	1.9%
Estimated Number of Individuals Sequestered Meals Could Feed:¹⁵	51,085
Estimated Number of Individuals Forced into Nursing Homes that Qualify for Medicaid:¹⁶	39,479
Average Federal Cost to Medicaid per Individual, if Recipient Enters a Nursing Home (seven-month cost estimate):¹⁷	\$16,881
Average Federal Cost to Medicaid per Individual, if Recipient Utilizes Home Care (7 month cost estimate):¹⁸	\$4,483
Net Cost to Medicaid per Individual Who Moves from Home Care to a Nursing Home (seven-month cost estimate):¹⁹	\$12,398
Cost to Medicaid if 39,479 Individuals Move from Home Care into a Nursing Home (seven-month cost estimate):²⁰	\$489 million
Net Increase in Cost to Taxpayers, after Subtracting \$10 Million in Meals on Wheels Sequestration Savings:	\$479 million

¹² The White House, "Fact Sheet: Examples of How the Sequester Would Impact Middle Class Families, Jobs and Economic Security," Press Release, Feb. 8, 2013, <http://www.whitehouse.gov/the-press-office/2013/02/08/fact-sheet-examples-how-sequester-would-impact-middle-class-families-job>.

¹³ Meals on Wheel Association of America.

¹⁴ The Meals on Wheels Association of America states it provides over a million meals a day. In the absence of sequestration, this would be an estimated 210 million meals over seven months, from March 1 through Sept. 30, 2013. Meals on Wheels Association of America, "Where Your Dollars Go," <http://www.mowaa.org/yourdollars>. 4 million / 210 million over seven months is a drop of 1.9 percent.

¹⁵ This estimate assumes a drop in sequestration-related meals of 4 million meals served over 30 weeks, assuming 2.61 meals per week per individual served. The estimate of 2.61 meals per week is a weighted average based on the number of meals per client per week from a random sample of 10 Meals on Wheels program centers in the United States. Estimate is based on 4 million meals / 30 weeks = 133,000 meals/week. Dividing this by 2.61 meals/week/individual = 51,085 individuals.

¹⁶ According to the Administration on Aging, 92% of enrollees say Meals on Wheels allows them to live in their own home. See Administration on Aging, "Aging Integrated Database (AGID)," <http://www.agidnet.org/CustomTables/Default.aspx>. Of those who would be forced into nursing home care, we estimate that 84 percent of recipients are low-income. Based on this estimate, 46,998 individuals would be forced into out-of-home care, with Medicaid covering 39,478 of those seniors.

¹⁷ According to the Kaiser Commission on Medicaid and the Uninsured, \$50.5 billion of Medicaid dollars was spent on nursing home facilities in FY 2010, including both federal and state spending. That year, there were 1.38 million nursing home residents in the United States, of whom 63 percent used Medicaid as their primary payer for care, or 872,708. The total annual cost to Medicaid per resident was \$57,877.76. Medicaid cost is split between the states and the federal government. Assuming an average federal share (FMAP) of 50 percent, the federal cost per nursing home resident is \$28,939. Over the course of seven months, this cost would be \$16,881. This is a conservative estimate, since the cost per resident is likely to be higher in FY 2013. Kaiser Family Foundation, State Health Facts: Providers & Service Use, <http://www.statehealthfacts.org/comparecat.jsp?cat=6&rgn=6&rgn=1>.

¹⁸ According to the Kaiser Commission on Medicaid and the Uninsured, the average cost of Medicaid home care (HCBS) is \$15,371 per person per year. Assuming an average federal share (FMAP) of 50 percent, the federal cost per person per year is \$7,685. Over a seven-month period, that average cost would equal \$4,483. Kaiser Commission on Medicaid and the Uninsured, "Medicaid Home and Community-Based Services Programs: 2009 Data Update," 2012, p. 2, <http://www.kff.org/medicaid/upload/7720-06.pdf>.

¹⁹ \$16,881 - \$4,483 = \$12,398.

²⁰ Estimate is 39,478 multiplied by \$12,398.

Appendix B: State-by-State Impact of Proposed Cuts²¹

State:	Total Meals Cut:	Individuals Sequestered Meals Could Feed:	Individuals Forced into Nursing Homes that Qualify for Medicaid:
Alabama	70,140	895	692
Alaska	20,040	255	197
Arizona	64,930	829	641
Arkansas	44,890	573	443
California	363,126	4,637	3,583
Colorado	33,667	429	331
Connecticut	58,517	747	577
Delaware	20,040	255	197
District of Columbia	20,040	255	197
Florida	299,399	3,823	2,954
Georgia	80,160	1,023	791
Hawaii	20,040	255	197
Idaho	20,040	255	197
Illinois	166,733	2,129	1,645
Indiana	86,573	1,105	854
Iowa	50,100	639	494
Kansas	38,477	491	379
Kentucky	58,918	752	581
Louisiana	52,906	675	521
Maine	20,441	261	202
Maryland	64,930	829	641
Massachusetts	93,387	1,192	921
Michigan	139,078	1,776	1,372
Minnesota	59,319	757	585
Mississippi	40,882	522	403
Missouri	88,176	1,126	870
Montana	20,040	255	197

²¹ Estimates are based on a White House estimate of 4 million meals lost. State distribution is based on data from the Administration on Aging. Calculations of individuals affected use the same methodology as the previous table. http://www.aoa.gov/AoARoot/AoA_Programs/OAA/Aging_Network/State_Allocations/docs/OAA_Formula_Grant_Estimates.pdf.

Nebraska	25,251	322	249
Nevada	25,651	327	253
New Hampshire	20,040	255	197
New Jersey	133,467	1,704	1,317
New Mexico	22,846	291	225
New York	292,184	3,731	2,883
North Carolina	107,816	1,376	1063
North Dakota	20,040	255	197
Ohio	172,345	2,201	1701
Oklahoma	54,108	691	534
Oregon	42,084	537	415
Pennsylvania	220,842	2,820	2,179
Rhode Island	20,040	255	197
South Carolina	50,100	639	494
South Dakota	20,040	255	197
Tennessee	80,561	1,028	794
Texas	200,000	2,554	1,974
Utah	17,234	220	170
Vermont	20,040	255	197
Virginia	87,776	1,121	866
Washington	58,517	747	577
West Virginia	34,469	440	340
Wisconsin	76,954	982	759
Wyoming	20,040	255	197
American Samoa	0	0	0
Guam	10,020	127	98
Northern Mariana Islands	2,405	30	23
Puerto Rico	60,120	767	593
Virgin Islands	10,020	127	98
TOTAL²²	4,000,000	51,085	39,479

²² Totals may not be exact due to rounding.