



# Healthcare Service Delivery for Older Adults: A Landscape of Programs and Funding

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## Introduction

As the population of older adults in the United States grows, so will the challenges associated with ensuring older adults can access healthcare services. Policymakers and stakeholders must work together to ensure the nation's healthcare service delivery system supports the evolving and complex needs of older adults and promotes healthy aging.

Healthcare for older adults has historically been delivered through a complex web of services, overseen at the federal level primarily by the Centers for Medicare & Medicaid Services (CMS)

and the Administration for Community Living (ACL) (Figure 1). Recent federal changes – including the reorganization of Department of Health and Human Services (HHS), proposed Medicaid financing reforms, and the end of the current authorization period for the Older Americans Act (OAA) – have broad implications for how services for older adults will be funded and administered.<sup>1,2</sup> These changes and policy developments create uncertainty about potential effects on healthcare services for older adults. Given how vital government-funded healthcare services are to meet the needs of older adults,

it is important that policymakers and other stakeholders remain informed as funding and operational changes occur. While policy changes are still unfolding, there are important considerations for ensuring continuity of services for older adults during the transition. For example, if done thoughtfully, reorganizing HHS' administration of services to older adults could enhance coordination across federal, state, and local governments and reduce service fragmentation. However, if potential risks are not fully considered, the

reorganization could lead to interruptions in the delivery of services to older adults.

This issue brief aims to provide an overview of the current "status quo" of federally funded healthcare services for older adults, including a description of the current programs and who administers them. This review can support policymakers in understanding how to minimize gaps or disruptions in care during this time of change and restructuring.

**Figure 1. How the federal government supports the health and wellbeing of older adults**



## Overview of Federally Funded Healthcare for Older Adults

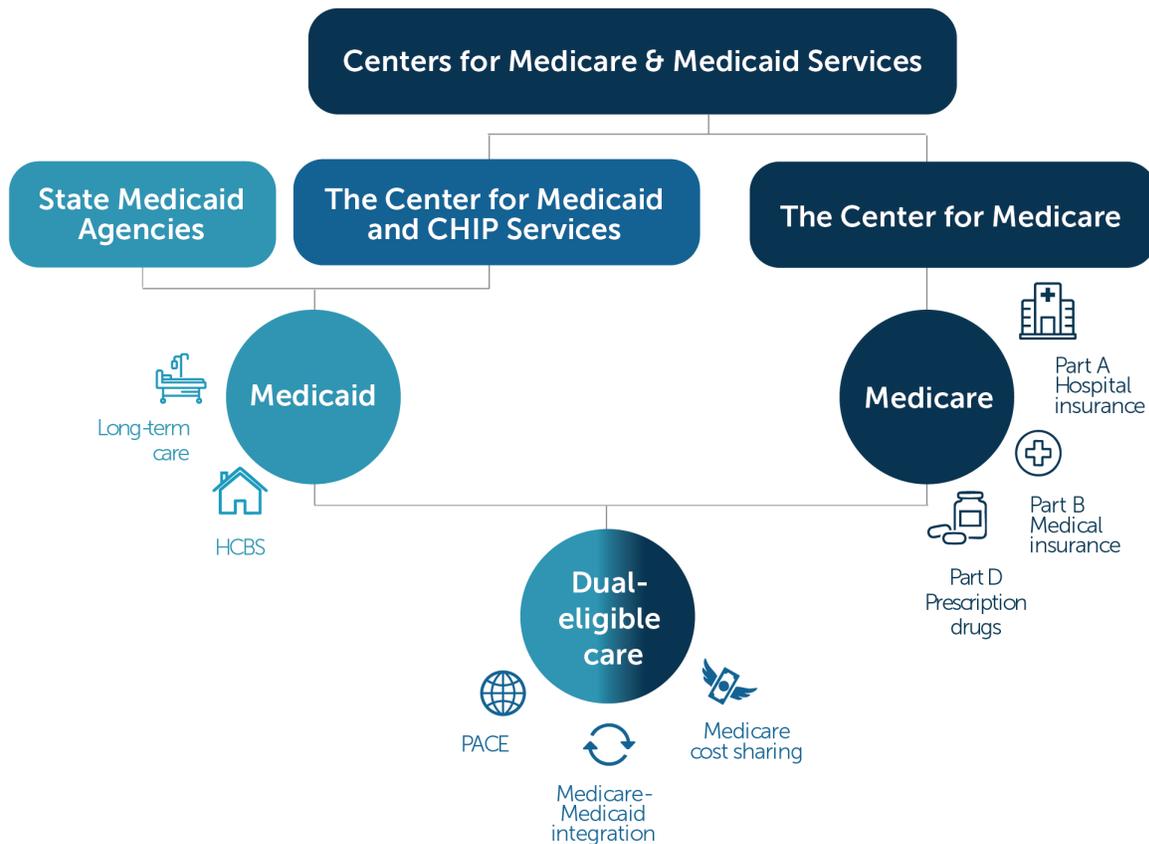
The federal government plays a central role in providing healthcare to older adults primarily through Medicare, Medicaid, and OAA-funded services. CMS and ACL are currently the two federal agencies within HHS that administer funding and oversight of the majority of health care services and supports for older adults.

CMS administers Medicare, the federal health insurance program serving 66 million people, primarily those ages 65 and older (Figure 2).<sup>3</sup> CMS also oversees the federal portion of the Medicaid program, a joint federal and state healthcare coverage program for low-income individuals which serves about 71

million people, over 9 million of who are over 65.<sup>4,5</sup> While states manage day-to-day operations of Medicaid programs, CMS offers funding, guidance, and technical assistance to states and other partners. Although Medicare is the primary program for older adults, many older adults depend on Medicaid for its Medicare cost sharing assistance, and long-term services and supports (LTSS), which include a range of services and supports for individuals who need assistance with activities of daily living and/or supervision over an extended period of time. This care can include both institutional care, including services in a skilled nursing facility, and home

and community-based services (HCBS). HCBS allow older adults to live in their own home or community with services and supports like case management, personal care and homemaker services, and home modifications.<sup>6</sup> For the approximately 7 million low-income older adults who are dually eligible for both Medicare and Medicaid, the two programs collectively provide access to necessary health services including LTSS. For about 300,000 older adults that are veterans, the U.S. Department of Veterans Affairs (VA) pays and provides long-term care, including institutional care and HCBS.<sup>7</sup>

**Figure 2. Federal and state administration of Medicare, Medicaid, and dual eligible care**



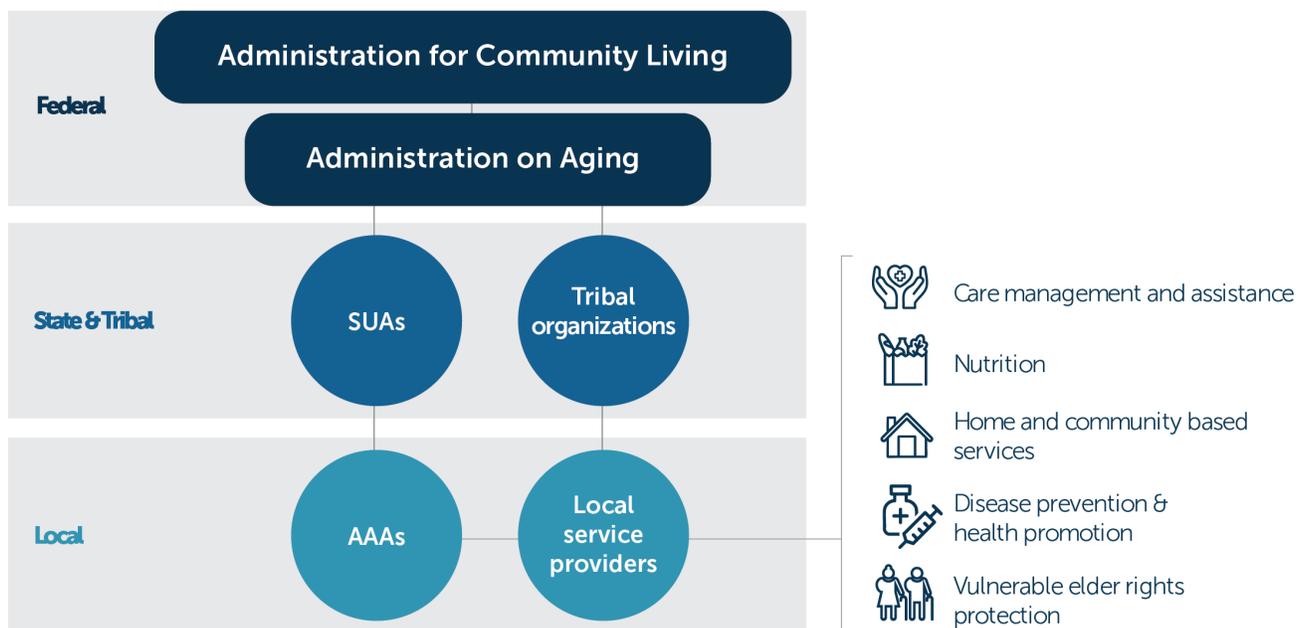
CHIP: The Children’s Health Insurance Program  
 HCBS: Home and community-based services  
 PACE: Program of All-Inclusive Care for the Elderly

The OAA is the primary federal law that delivers the funding and framework to help older adults stay healthy, in community, and financially stable. The OAA serves a broad population of older adults, as its services are not means-tested, and instead available to all adults 60 or over. Older adults can receive an array of community-based programs, including congregate and home-delivered nutrition services, personal care, caregiver support, transportation, the Long-Term

Care Ombudsman program, and elder abuse prevention through the OAA.<sup>8</sup>

The ACL is currently a division within HHS which oversees funding and programs for older adults and people with disabilities, but recent proposals have the ACL and its programs integrated into the newly established Administration for Children, Families, and Communities (ACFC) (Figure 3). The Administration on Aging (AOA) within the ACL is charged with overseeing most programs and services as authorized by the OAA.

**Figure 3. Federal, state, and local agencies involved in providing older americans act-funded services**



AAAs: Area agencies on aging  
 SUAs: State units on aging

The AOA allocates federal funds to State and Territorial Units on Aging (SUAs). There are 56 SUAs, which are state agencies operating across all states, the District of Columbia, and US territories, that manage and implement the policy and programmatic responsibilities as outlined

in OAA. SUAs are subsequently responsible for distributing funds to the more than 600 Area Agencies on Aging (AAAs), which operate within a planning and service area designated by the SUA. AAAs are public or private nonprofit organizations that directly, or through contracts with local service

providers, coordinate the delivery of social and healthcare services to older adults.<sup>9</sup> The layers between federal administration of the programs and local service delivery creates valuable opportunities for policy-making and oversight that is responsive

to the needs of local populations. While the federal government sets broad goals, the SUAs refine them to meet state-level priorities, and the AAAs then directly disburse these resources to serve older adults in their local communities.

### How Federal Agencies Work Together to Support Older Adults

While ACL and CMS are the primary federal agencies that administer services to older adults, there are many other federal agencies that also operate their own programs and funding streams to support older adults. This includes programs and resources in the Department of Housing and Urban Development, Department of

Agriculture, Department of Veteran Affairs, and Centers for Disease Control and Prevention.<sup>10</sup> Several of the programs administered by federal agencies offer grant funds and/or technical assistance to state and local governments and community-based organizations. Some of these agencies with programs for older adults are outlined in Table 1.

**Table 1: Major federally funded healthcare programs and services for older adults**

Program Name	Description of Program	Federal Spending	People Served
<b>Centers for Medicare &amp; Medicaid Services (CMS)</b>			
Medicaid LTSS	LTSS encompasses a wide range of health and social services, including facility or institution-based services and HCBS that are needed by individuals over an extended period of time.	National expenditures totaled \$200.4B. (fiscal year (FY) 2022)	9.1 million total, of which 7.8 million are HCBS users
Medicaid-Medicare integration	Medicaid-Medicare integration includes efforts to jointly administer and coordinate benefits for dually eligible individuals across both programs.	\$493.4B. (calendar year (CY) 2021)	11.9m dual eligibles, of which 7.4m are ages 65 and older (CY 2021)
The Program of All-Inclusive for the Elderly (PACE)	PACE is a Medicare and Medicaid program that provides medical and social services to older adults 55 years or older to allow them to remain in their homes and communities.	\$1.8B. (FY 2021)	Over 85,000 people

Program Name	Description of Program	Federal Spending	People Served
<b>Administration for Community Living (ACL)</b>			
OAA funded services	OAA authorizes grants from the federal government to states to deliver services to older adults, including home-delivered and congregate nutrition services, transportation services, elder abuse prevention, caregiver support, elder rights and legal assistance, employment training, chronic disease prevention, and several other activities.	\$2.31B. (FY 2024)	Over 12 million people received Title 3 funding (FY 2023)
State Health Insurance Assistance Program (SHIP)	SHIP provides grant funding to states for outreach, counseling, and information assistance to Medicare beneficiaries and their families and caregivers on Medicare and other health insurance issues, including helping beneficiaries obtain Medicare prescription drug coverage.	\$55m (discretionary) \$15m (mandatory) (FY 2023)	About 4.4 million between April 1, 2021, and March 31, 2022
Adult Protective Services (APS)	APS programs are systems for reporting and investigating abuse, neglect, and exploitation of older adults and provides protective and social services to victims.	\$276m (FY 2022)	N/A
Chronic Disease Self-Management Education (CDSME)	CDSME programs and grants offer older adults and people with disabilities education and tools to help them better manage chronic conditions.	\$5.6m (FY 2024)	N/A
<b>The Department of Veterans Affairs (VA)</b>			
Geriatrics and Extended Care	The VA operates long-term care services, including institutional and non-institutional programs for veterans. These are delivered in home, in State Veterans Homes, in VA medical centers or community living centers, or in other community settings.	\$9.1b with \$6.1b in institutional programs and \$2.9 in noninstitutional programs (FY 2018)	Over 500,000 veterans with about 370,000 veterans aged 65 and older (FY 2018)

Program Name	Description of Program	Federal Spending	People Served
<b>Jointly Delivered - ACL, CMS, and VA</b>			
Aging and Disability Resource Center (ADRC)/No Wrong Door System (NWD)	The ADRC and NWD assists states in delivering access and information to consumers about programs including LTSS, OAA, VA programs, and other state programs for older adults.	N/A	N/A
<b>Health Resources and Services Administration (HRSA)</b>			
Geriatrics Workforce Enhancement Program (GWEP)	GWEP focuses on educating and training the care workforce to better integrate and collaborate with community partners in order to address care gaps and improve health outcomes for older adults.	\$206m (FY 2024)	42 grantees across 37 states (FY 2024)
<b>Administration for Children and Families (ACF)</b>			
Social Services Block Grant Program (SSBG)	The SSBG is a federal program which provides a flexible funding source for states to adapt social services to meet increased needs.	\$208M to support vulnerable and older adults. (FY 2023)	Over 1 million vulnerable adults aged 65 and older (FY 2023)

**SOURCES:** Caitlin Murray, et al, "Trends in Users and Expenditures for Home and Community-Based Services as a Share of Total Medicaid LTSS Users and Expenditures, 2022", CMS, August 2024, <https://www.medicaid.gov/medicaid/long-term-services-supports/downloads/ltss-rebalancing-brief-2022.pdf>; MedPac, MACPAC, "Data book: Beneficiaries dually eligible for Medicare and Medicaid", January 2024, [https://www.macpac.gov/wp-content/uploads/2024/01/Jan24\\_MedPAC\\_MACPAC\\_DualsDataBook-508.pdf](https://www.macpac.gov/wp-content/uploads/2024/01/Jan24_MedPAC_MACPAC_DualsDataBook-508.pdf); Lisa Harootunian, et al, "Improving Access to and Enrollment in Programs of All Inclusive Care for the Elderly (PACE)", Bipartisan Policy Center, October 2022, [https://bipartisanpolicy.org/download/?file=/wp-content/uploads/2022/10/BPC\\_PACE\\_Report\\_Final.pdf](https://bipartisanpolicy.org/download/?file=/wp-content/uploads/2022/10/BPC_PACE_Report_Final.pdf); National PACE Association, "Find a PACE Program Near You", <https://www.npaonline.org/find-a-pace-program>; Julia Cortina, "Fully Fund the Older Americans Act (OAA)", July 2025, National Association of Counties, <https://www.naco.org/resources/fully-fund-older-americans-act-oaa>; Meredith Freed, "What to Know About the Older Americans Act and the Services it Provides to Older Adults", June 2025, KFF, <https://www.kff.org/medicare/issue-brief/what-to-know-about-the-older-americans-act-and-the-services-it-provides-to-older-adults/>; Kirsten J. Colello, "State Health Insurance Assistance Program (SHIP)", Congressional Research Service, October 2023, <https://www.congress.gov/crs-product/IF10623?s=1&r=9>; Kirsten J. Colello, "Adult Protective Services: Background and Funding", Congressional Research Service, February 2025, <https://www.congress.gov/crs-product/IF12917?s=1&r=2>; Administration for Community Living, "Elder Justice Act Mandatory Grants", July 2024, <https://acl.gov/grants/elder-justice-mandatory-grants#:~:text=American%20Rescue%20Plan%20Act%20of,Program%2C%20in%20fiscal%20year%202022>; Administration for Community Living, "Chronic Disease Self-Management Education Programs", October 2024, <https://acl.gov/programs/health-wellness/chronic-disease-self-management-education-programs>; U.S. Government Accountability Office, "Veterans' Use of Long-Term Care Is Increasing, and VA Faces Challenges in Meeting the Demand," February 2020, <https://www.gao.gov/products/gao-20-284>; Health Resource and Services Administration, "Geriatric Workforce Enhancement Program (GWEP) Awardees", June 2024, <https://bhw.hrsa.gov/funding/apply-grant/gwep-awardees>; Office of Community Services, "SSBG Fact Sheet", Administration for Children and Families, <https://acf.gov/ocs/fact-sheet/ssbg-fact-sheet>.

Given the wide range of agencies responsible for serving older adults, collaboration, communication, and data-sharing among them is important to ensure services are delivered efficiently. For example, the Social Security Administration (SSA), which administers the Supplemental Security Income (SSI) and Social Security Disability Insurance (SSDI) benefits, uses eligibility for its programs to determine Medicaid or Medicare eligibility. In most states, SSI recipients automatically qualify for Medicaid coverage and SSDI recipients qualify for Medicare after receiving the disability benefits for at least two years. SSA also identifies and outreaches to those who may be eligible for the Medicare Savings Program (MSP) or the Extra Help program – which helps people lower prescription drug coverage costs – and shares this information with the State Medicaid agencies.<sup>11, 12</sup>

As the main agencies supporting care for older adults, ACL and CMS have worked closely together to coordinate services. To manage the disparate programs, as authorized by the OAA, the ACL operates the Interagency Coordination Committee on Health Aging and Age-Friendly Communities (ICC-Aging), composed of 18 federal agencies, which is responsible for improving government coordination of services, collaboration amongst agencies, and development of the National Plan on Aging.<sup>13</sup> ICC-Aging is responsible for coordinating federal agencies and programs to ensure a more effective and efficient landscape for the delivery of services to older adults.<sup>14</sup>

## Policy Developments

Several significant changes have already or will occur in 2025, which may substantially alter the landscape of healthcare financing for older adults. Chief among these include the passage of House Resolution 1 (H.R. 1) – the One Big Beautiful Bill Act (OBBBA) – the FY 2026 budget and potential HHS reorganization, and the forthcoming OAA reauthorization period. Each could present new challenges to existing funding streams and program structures, requiring flexibility and adaptability from federal, state, and local governments and health networks.

### Medicaid Financing Reform (OBBBA/H.R.1)

**What it is:** On July 4th, 2025, H.R. 1 was signed into law, and included broad changes to Medicaid financing and delivery, including lowering federal Medicaid spending by approximately \$1 trillion over the next decade as projected by the Congressional Budget Office.<sup>15</sup> This reduction may limit services for older adults, by increasing barriers to Medicaid enrollment and eligibility, imposing home equity caps for LTSS, delaying improvements to MSPs and adding limitations on provider taxes – mechanisms that states have used to help finance their Medicaid programs.

**Current Status:** Signed into law, implementation ongoing.

**Impacts:** While OBBBA contains many provisions for older adults, the most widely felt policy decision may be alterations to the Medicaid eligibility and redetermination processes (e.g.,

more frequent and stringent eligibility tests).<sup>16,17</sup> Over the longer term, OBBBA's budget effects may lead to program changes or reductions in benefits. These budget constraints could add barriers to the delivery of long-term services and supports, including HCBS.

### **FY 2026 Budget and Proposed HHS Reorganization (In Process)**

**What it is:** FY 2025 ended on September 30th without an approved budget in place for FY 2026. The Senate and the House have released separate proposals for funding HHS among other agencies. The President's Budget Request, released in May, proposed a reorganization of HHS' aging and disability programs, including integrating ACL under the newly established agency, the Administration for Children, Families, and Communities (ACFC).<sup>18</sup>

**Current Status:** In process.

**Impacts:** The FY 2026 budget, potential reorganization of HHS, and the recent staffing reductions, have significant implications for how federal agencies will continue working together and with state and local entities to ensure continuity of care for older adults. Structural and staffing changes could affect the government's management and oversight of health programs and could lead to reduced collaboration and coordination between government agencies. This could hinder the administration and provision of funds and impact the direct delivery of services to older adults. Policymakers and stakeholders should be aware of upcoming policy developments

as changes to the budget and HHS structure can affect the delivery of critical services across the complex web of services for older adults. Older adults rely on OAA services to manage activities of daily living, access health care services, and receive a network of support within their communities.

### **OAA Reauthorization (Forthcoming)**

**What it is:** The Older Americans Act must be reauthorized every four years. Reauthorization legislation was previously introduced and passed in the Senate in 2024 as S.4776, but failed to pass the House, meaning its authorization expired on September 30th, 2024.<sup>19</sup> A new version of the reauthorization was introduced in June 2025.<sup>20</sup> The reauthorization would extend funding through 2029 and would increase funding by 18% over the four-year period.

**Current Status:** Forthcoming, unclear timeline.

**Impacts:** Year over year, OAA funding has gradually declined, and with the expiration of OAA in 2024, federal funding for older adult programs has come under threat. OAA reauthorization will be key for maintaining these essential programs. Funding of the OAA has continued under the current continuing resolution, but will expire on September 30th 2025, at which point some services may still be funded, but others may be terminated on a discretionary basis.

## Going Forward

With major shifts on the horizon for older adults' health services, policymakers and stakeholders must work together to ensure that policy changes are responsive to the aging population and sustainable to support older adults effectively in the years to come.

West Health Policy Center and Aurrera Health Group will continue exploring federal health policy developments and their subsequent effects on older adults. A future issue brief will provide an overview of how OBBBA is expected to affect services to older adults and give updates on the status of its implementation.

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## ENDNOTES

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