McKnights Long-Term Care News

GUEST COLUMNS

Hidebound scholars harm long-term care

STEPHEN A. MOSES

FEBRUARY 10, 2026

SHARE

LTC financing is the castle; orthodox academics defend it; peer review is their moat. Let me explain.

A recent scholarly article titled "Asset Spend-Down and Medicaid Enrollment in Nursing Homes," published by *JAMA Network Open*, "raises concerns both about individuals impoverishing themselves because of the high cost of care and the long-term financial sustainability of the Medicaid program."

Widespread catastrophic asset spend-down for LTC is the conventional academic wisdom. Scholars hew to it slavishly, resisting all evidence to the contrary. The editorial tradition of "peer review," that is, publishing only what other scholars have already said about a subject, protects the intellectual status quo from scrutiny. The consequences for LTC financing policy and the people affected by it are serious.

Here's what I think is really going on instead and why it matters. Such Medicaid nursing home and other LTC spend-down, as does occur, comes mainly from the crushing blow of Medicaid's stringent income and asset limits on the poor and financially marginal people. They spend down what little they have quickly. Medicaid recipients at admission, they rely on providers with relatively high Medicaid census and therefore relatively low reimbursement levels, which impairs the care quality they receive.

Middle-class and affluent people, on the other hand, learn how to

avoid Medicaid's asset limits. (Income level doesn't matter if they have commensurately high private health care costs, as most elderly in need of LTC do.) Private LTC asset spend-down by the moderately-to-very-well-off occurs mostly due to ignorance of the methods to avoid it, rare nowadays, or shame at using them. When they employ "key money," the practice of paying privately for a while before they convert to Medicaid, they preserve their wealth, and, ironically, enjoy the best care Medicaid offers from providers with relatively low Medicaid census and larger revenue sources.

I ask scholars who claim that LTC asset spend-down is very high: Where is the evidence? Private-pay revenue to nursing homes has collapsed to only 7%. Out-of-pocket (OOP) nursing home expenditures are 26.1%, but half of that is income, not asset spend-down by people already on Medicaid. The numbers for all kinds of long-term care are even more dramatic. Including home health and other residential care shows that OOP spending is only 12.9%, half of which is income, not asset spend-down. I documented this recently in "Better Long-Term Care for Billions Less."

The essence of my disagreement with the standard spend-down rhetoric is with this MedPAC definition quoted in the *JAMA Network Open* article: "As a result, individuals who have assets that exceed these limits must first deplete them by spending them on NH [nursing home] care before they can qualify, a process often known as 'spending down."

That is false. What's true is that people with assets can and often do preserve them while still qualifying for Medicaid LTC benefits. As long as that is true, few Americans will take the risk of long-term care seriously enough to plan ahead for it and the dysfunctional system we all agree exists now will persist.

Do convention-bound scholars not see a gap between the common narrative that people all across the country are spending down into impoverishment for LTC ("Dying Broke," for example) and the actual data showing so little of it occurs? If asset spend-down is such a problem, why does the JAMA article conclude only 16.4% start private

pay in nursing homes and convert to Medicaid so soon?

To be fair, on the other hand, why is there so little evidence for my position? I submit that it is because academics have absorbed the Medicaid spend-down narrative so fully that they do not challenge it. A peer-review wall protects that narrative from perlustration. What research could be done to settle this issue once and for all?

We need to analyze a sample of Medicaid LTC case records, preferably in several states, dig deeper than state Medicaid eligibility workers have time to do, and follow up with families to determine exactly how asset eligibility was actually achieved. I believe such a study would show how Medicaid rules crush the poor but give others an asset spend-down off-ramp. GAO did a study in 2014 that I highlighted in "Medicaid's $100+ Billion Leak." If redone on a larger scale with better methods, making the findings projectable nationwide, such a study would settle the question once and for all.

If we learn that Medicaid actually works primarily to protect middle-class and affluent people from catastrophic LTC spend-down, it would be a relatively simple matter to redirect the program toward the benefit of the most needy and to incentivize others to plan early to save, invest or insure for personal LTC risk. The boost to private LTC revenue would improve care for everyone, rich and poor alike.

Stephen Moses is president of the Center for Long-Term Care Reform, a visiting fellow at the Paragon Health Institute and the author of "Long-Term Care: The Problem," "Long-Term Care: The Solution," "Medicaid's $100+ Billion Leak," and "Better Long-Term Care for Billions Less."

The opinions expressed in McKnight's Long-Term Care News *guest submissions are the author's and are not necessarily those of* McKnight's Long-Term Care News *or its editors.*

Have a column idea? See our submission guidelines here.