Medicaid for Working Persons with Disabilities (MWPD)

Aka Medicaid "Buy-in" for PWD

Medicaid for WPWD

MWPD Program

Purpose:

- Work Incentive for PWD
- Community inclusion and independent living through employment and heightened socioeconomic productivity
- Allow PWD who can/desire to work to maintain health care benefits (insurance) at affordable cost

MWPD/ "Buy-in"

- Originally established within Federal authority of Balanced Budget Act (BBA) of 1997
- Authority also created and expanded under the Ticket to Work/Work Incentive Improvement Act (TTW/WIIA) of 1999
- Possible to also establish state program under authority of Section 1115 (of SS Act) waiver: broad latitude by HHS Secretary to allow for and approve state demonstration projects and special Federal funding to achieve objectives of Medicaid program
- Termed and known as "Medicaid Buy-in for PWD" at Federal level: term derived from notion of PWD with modest earning power and accrued resources able to contribute (through premium payments) to their own health care costs
- Full Medicaid benefits, but subject to usual state co-pays and deductibles
- *Optional* state programs, though encouraged by Federal government

BBA vs. TTW/WIIA Buy-in

- BBA (1997): no age restriction (i.e. PWD 65/66 years of age and beyond eligible)
- TTW/WIIA (1999): terminates at full SS retirement age (65-66 years of age); PWD who lose SSA "disability" designation and subsequently SSDI/SSI benefits still entitled to "Buy-in" providing a "severe impairment" exists.
- "Buy-in" programs of different states may be authorized under either law/act OR under flexible 1115 waiver authority.

MWPD ("Buy-in") Eligibility Requirements

- BBA (Section 4733) 1. Family income (based upon size) less than 250% of FPL (generally subject to premiums at 150% of FPL)
  2. Meets definition of disabled under SS Act and eligible for SSI (except for earned income)
  3. If not receiving/eligible for SSI (not necessary), states decide upon "disabled" determination
- TTW/WIIA: for individuals 16-64 years of age; states can set income/resource limits

MWPD/ “Buy-in” Nationwide

As of 3/31/2011:

- 42 states established “buy-in” program under BBA; TTW/WIIA or 1115 waiver
- 90,000 PWD enrolled

Attention to Definitions!

- Note: Various types of Medicaid “buy-in” programs exist, as authorized at Federal level.
- E.g.: 1. Medicaid “buy-in” for underinsured/disabled children created by statute (2006)

  2. Affordable Health care Act of 2010 creates broad-based Medicaid “buy-in” for low-income individuals
- WE ARE REFERRING NOW TO <u>MWPD/ “BUY-IN” FOR WORKING PWD!!!</u>

Vermont's MWPD Program

- Created Jan. 1, 2000 under authority of BBA of 1997, Section 4733 and VT Act 62 of 1999
- As of 9/30/2008: 684 (estimated 68% of potential, given employment patterns among PWD) beneficiaries/enrollees – most (90%-95%), but not all, "dually eligible" for Medicare/Medicaid

VT MWPD Program History

- From inception until June 2004, premiums charged according to 3-level (FPL) sliding scale.

  Practice abandoned in June 2004 – determined that administrative costs of matching individual to premium rate was greater than premiums collected.
- 2005 (Act 56): New disregard for total amount of unearned SSDI/Veterans' disability income (only $500 of SSDI income previously disregarded – no previous disregard for Veterans' disability income) – to expand program to beneficiaries with greater work histories; entry-level resource limits raised to $5000/individual; $6000/couple; more stringent "evidence of work" requirements – protect work incentive function of program.

VT MWPD requirements

- Vermont residency
- Meet SSA definition of “disabled”
- Must be employed (self-employed or otherwise)
- Entry-level assets of $5000/individual; $6000/couple
- Note: accrued “savings” while on program is disregarded – to allow for “build-up of assets while employed; however, all such accrued assets must be demonstrated to be from earnings and must be put into separate and discrete account (i.e. apart from other household accounts)

Two-step calculation process:

- 1. Net “countable” family (based upon size) income of less than 250% FPL (considering standard exclusions for purposes of SSI)
- 2. Must not exceed “Medicaid Protected Income Level” (PIL) for one person or SSI payment level for 2 (whichever is higher); disregard all SSDI/Veterans benefits and all earned income of working person w/disability

VT MWPD vs. Other States

- Based upon comparisons with 35 other state Medicaid "Buy-in" programs for PWD, VT's MWPD program has *more restrictive eligibility criteria than most:*
  1. 25 states: greater entry-level asset limits
  2. 15 states disregard spousal income
  3. 17 states disregard spousal assets
  4. 23 states have a grace period/ work-stoppage protections (e.g. periods of unemployment/hospitalization)
- VT does, though, have relatively great population coverage among potential beneficiaries

VT MWPD Barriers (Disincentives) to Employment

- Restrictive income/asset limits
- Lack of spousal asset/income disregards (both for sake of MWPD beneficiary *and* non-MWPD Medicaid eligible spouse)
- Lack of reasonable “grace period” or work stoppage protection
- Lack of clearly delineated rules regarding DD services among MWPD beneficiaries
- Dropping of State payment of Part “B” Medicare premiums for many MWPD beneficiaries.

  Note: significant potential savings to State estimated (pending cost analysis) to be derived from State assuming payment of Medicare Part “B” premiums for *all* MWPD beneficiaries; however, if “dual eligibles” program design is implemented, distinction becomes blurred between Federal and State costs for this population - point may become mostly moot!
- Limited outreach to potential beneficiaries with regard to availability of VT MWPD program

Considerations for Elimination of Work Disincentives

- Although a dearth of State data to reinforce rationale exist, national analyses have shown that higher employment rates are associated with:
- 1. higher earned income limits
- 2. shorter grace periods
- 3. more stringent work verification requirements
- After 2005/6 enhancements to VT MWPD program, no observable rate of growth in enrollees
- Preliminary data (i.e. cost/benefit analysis) show that for every $1 on new Medicaid claims/benefits, earning increase by $1.23   (Tim Tremblay – 8/2/2006)

Advocacy/Legislative Action

- Based upon 2008 legislative bill (S.279), Department of Disabilities, Aging and Independent Living (DAIL) - in conjunction with DVHA and DCF - voluntarily agreed to submit report to legislature on possible changes to the State MWPD program to enhance work incentives/eliminate disincentives.
- Report submitted to legislature in January, 2009.
- Research and analysis led to 7 discrete recommendations to enhance work incentives/eliminate work disincentives – 3-4 considered possibly not to require additional ongoing State expenditures; one possibly cost-saving to the State.

Advocacy/Legislative Action (Cont.)

- DAIL verbally agreed to implement a few “cost-neutral” changes on an Administrative basis (e.g. those requiring simply a change in Medicaid rule).
- Due chiefly to staffing shortages, caused by recessionary pressures (RIF’s, etc.), DAIL postponed implementation of any changes to the MWPD program.
- H. 422 and S.89 introduced in 2011 legislative session calling for DAIL/DVHA/DCF to conduct cost-analyses and other measures implicit in the 2009 report to the legislature prior to implementation of any work incentive enhancements. Legislation pending during 2nd year of biennium.
- MIG Supplemental grant of $250,000, applied for and obtained from CMS by State Voc Rehab allows independent contractor to perform data analyses as stipulated in H. 422/S. 89. May also pay costs associated with implementation (e.g. necessary IT adjustments to DVHA/DCF infrastructure).

Summary/Conclusion

- Increase in socioeconomic productivity over long run by heightening employment among PWD – through eliminating disincentives inherent in Federal/state programs (as Medicaid) – should benefit society as a whole and reduce entitlement costs:
- Greater consumer spending; increase in public revenue without raising tax rates; less need for costly institutionalization as more PWD become self-sufficient and able to live independently; a decrease in associated costs of emergency room visits by uncovered individuals, emergency housing costs and, possibly, Corrections System expenditures.
- Enhancing work incentives in VT State MWPD program, as is currently being explored, could further this trend.

Links

- DAIL report to VT Legislature on MWPD - Jan. 2009: http://dail.vermont.gov/dail-publications/publications-legis-studies/wpwd-medicaid-impacts-on-eligibility
- H. 422; S. 89 (2011-2012):
  http://www.leg.state.vt.us/docs/2012/bills/Intro/H422.pdf
- References: 1. SSA/CMS
  http://www.ssa.gov/disabilityresearch/wi/buyin.htm
- 2. Mathematica Policy Research:
  http://74.6.238.254/search/srpcache?ei=UTF-8&p=Medicaid+Buy-in%22&fr=aaplw&u=http://cc.bingj.com/cache.aspx?q=Medicaid+Buy-in%22&d=4942365244786424&mkt=en-US&setlang=en-US&w=f563fb6b,f9cb9df9&icp=1&.intl=us&sig=O_Mur284RWq3mJC8SaFLAw--
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