

MEDICAID INFRASTRUCTURE GRANT – HAWAII

DRAFT v.10.1 – HIRE ABILITIES – MEDICAID WORK INCENTIVE COVERAGE (MWIC)

PERSONS WITH DISABILITIES IN HAWAII

In Hawaii, there are approximately 18,000 adults receiving SSDI benefits as "disabled workers"; the average benefit for a disabled worker is about \$915 per month. SSDI recipients get Medicare after a 2-year wait, but many need medications and other assistance not covered by Medicare.

STATE OF HAWAII DISABILITY RELATED STATISTICS	
	NUMBER
Total Population (16-64)	781,052
SSDI disabled workers (18-64)	18,050
SSI (18-64)	12,578
With a disability (16-64)	72,790
With a "go outside the home" disability (16-64)	22,456
With an employment-related disability	46,462

Sources: American Community Survey, 2005; U.S. Census; Social Security Administration, State Statistics – Hawaii, 2005

More than 12,000 working age adults in Hawaii receive SSI benefits, with an average monthly payment of \$474. There are about 2,000 individuals who get both SSDI and SSI because their SSDI benefit is less than their monthly federal SSI payment. Their average monthly SSDI and SSI payments in the state of Hawaii are \$497 and \$215, respectively.

MEDICAID AND ADULTS WITH DISABILITIES

In Hawaii, adults with disabilities typically are covered by Medicaid only if they:

- get Supplemental Security Income;
- get Home and Community Based Services (HCBS) or facility care; or
- have enough medical bills to spend their income down to qualify for short-term coverage through the state's Medically Needy Program.

EMPLOYMENT AND DISABILITY

According to the 2004 American Community Survey conducted by the U.S. Census Bureau, approximately 9.5% of the civilian,

non-institutionalized working population (16 to 64 years of age) is reported as "with a disability." Of this group of people with disabilities and of working age, roughly 64.6% are reported as "not employed." This is more than 2.5 times the rate of non-employment of those with "no disability."

Last year there were more than 6,000 adults with disabilities covered by Hawaii Medicaid who were employed. Of these:

- 5,686 received SSI;
- 545 got Home and Community Based Services; and
- 309 were certified through the Medically Needy Program.

To keep Medicaid, workers with disabilities had to limit their income and assets to poverty levels, although Medicaid costs for SSI recipients who worked were less than half of the costs for those who did not.

PROBLEM: PEOPLE WITH DISABILITIES CHOOSE BETWEEN WORK AND HEALTHCARE

From a survey conducted in 2005 using Medicaid Infrastructure Grant funds, it was found that:

- 69.6% of respondents would sign up for a premium sharing program would allow for work without losing healthcare benefits;
- 82.4% of respondents expressed interest in information about how to find and keep a job without losing healthcare benefits;
- Lack of job supports, such as assistive technology and personal assistance, and the potential loss of benefits dissuade people with disabilities from working.

PROPOSED SOLUTION: IMPLEMENT THE MEDICAID WORK INCENTIVE COVERAGE (MWIC)

Through greater flexibility provided by the federal government, Hawaii can make adjustments its Medicaid program to

accommodate people with disabilities to encourage work, as over 30 states have already done.

MWIC could:

- reduce the number of uninsured or underinsured persons in Hawai'i;
- remove documented barriers to work, such as loss of benefits, lack of job supports and personal assistance services, and being told not to work by case workers;
- help working people with disabilities increase their economic independence and live above poverty by providing needed health care coverage and decreasing their reliance on SSDI or SSI benefits;
- enable some SSDI recipients to work and get Medicaid as a supplement to private or Medicare insurance;
- obtain federal funding for health care services for persons now served through state-funded mental health programs; and
- allow persons with disabilities to work and pay state, federal and FICA taxes.

The most tangible benefit to the state would be from the increase in taxes paid by those employed. A recent study entitled Medicaid: Good Medicine for State Economies – 2004 Update by Families USA Foundation determined that:

- for every \$1.00 that the state spends on Medicaid, there is a business activity return of up \$3.17;
- in FY 2005, there were an estimated 11,000 jobs created due to Medicaid spending, with total spending on wages of \$466 million; and
- every \$1 million spent on Medicaid results in \$3.2 million in new business activity, 29.34 jobs created; and \$1.2 million in new wages.

MWIC ELIGIBILITY

Under the preliminary program design for Hawai'i's Medicaid Work Incentive Plan, a person must:

- be employed;
- be age 16 through 64;
- be 'disabled' but for the earnings limit under SSA rules (Ticket Act, Title II, Section 201 (a)(1)(C));

- have net countable income less than 250% FPL under the Social Security counting methodology, which equals approximately \$2,450/mo. of countable income, or \$4,985/mo. of gross income;
- have countable assets less than \$20,000; and
- pay a premium.

It should be noted that three options have been developed based on other states' buy-in plans, and the criteria above are taken from Plan B (VT model).

MWIC COVERAGE GROUPS

Five broad coverage groups have been identified in the preliminary formulation of MWIC:

1. Former 1619(b) Recipients and Others with earnings too high for Medicaid
2. people with disabilities enrolled in Medicaid under a medically needy, spend down, or poverty level categories
3. People with disabilities who lack other sources of health insurance, including SSDI beneficiaries in the 24-month waiting period before receiving Medicare, and working SSDI beneficiaries nearing the end of an extended period of Medicare coverage who will experience a loss of Medicare.
4. People with disabilities whose premiums/cost sharing for other private or public insurance coverage (e.g., through private insurance, COBRA, spouses, or Medicare) exceed the cost of the MWIC program.
5. People with disabilities whose private and/or public (Medicare) coverage does not provide needed medical supports, but which are covered by the MWIC program.

