

Policy Brief

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Kansas Medicaid Buy-In Participants Continue to Earn More and Cost Less

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Authors' Note: This Policy Brief is an update to Policy Brief Number 12 published in March 2009, providing newer data on earnings, taxes and expenditures for this population.

INTRODUCTION

The Kansas Medicaid Buy-In program, *Working Healthy*, was implemented in July of 2002 with the goal of providing an incentive for Kansans with disabilities to work or work more. To do so, *Working Healthy* allows Kansans with disabilities to maintain Medicaid coverage even if their earnings and assets exceed those generally allowed by Medicaid, with the requirement of paying a premium for that coverage when countable income exceeds 100% of the federal poverty level. When the program started, advocates, providers, policy makers and consumers all hoped that enrollees would earn more, and thus pay more taxes. Some people were concerned, however, about the cost of expanding Medicaid to an additional group of people.

This Policy Brief summarizes research findings regarding the earnings, taxes paid, and Medicaid expenditures of people enrolled in *Working Healthy* (Kurth, Fall, & Hall, 2011). In a nutshell, participants report increases in hourly wages, while Medicaid costs for those continuously enrolled in the Buy-In decreased over time.

DATA

Both administrative data and self-reported survey data were used to examine trends in earnings and medical expenditures. University of Kansas evaluation staff has conducted annual Satisfaction Surveys with *Working Healthy* participants since the program's inception, allowing for repeated measures of self-reported income levels. In addition, aggregated data from the Kansas Department of Revenue were used to track adjusted gross income and Kansas taxes paid by individuals continuously enrolled in *Working Healthy*. Finally, Medicaid and Medicare claims data from the Kansas Medicaid Management Information System (MMIS) and the federal Centers for Medicare and Medicaid Services (CMS) were used to analyze per person health care expenditure trends over time.

FINDINGS

The annual Satisfaction Survey has queried respondents about their hourly wages and employment experiences. The average self-reported hourly wage from 2007 through 2011 increased from \$7.68 to \$8.98 (see Figure 1), well exceeding the federal minimum wage. In general, people who remain enrolled in *Working Healthy* demonstrate consistent increases in income and the amount of state income taxes they pay. Because their earnings are increasing, the percentage of *Working Healthy* enrollees who pay a premium and the average premium amount paid have also trended upward. At the end of 2011, about

82% of enrollees paid premiums, averaging \$77 per month (see Figure 2).

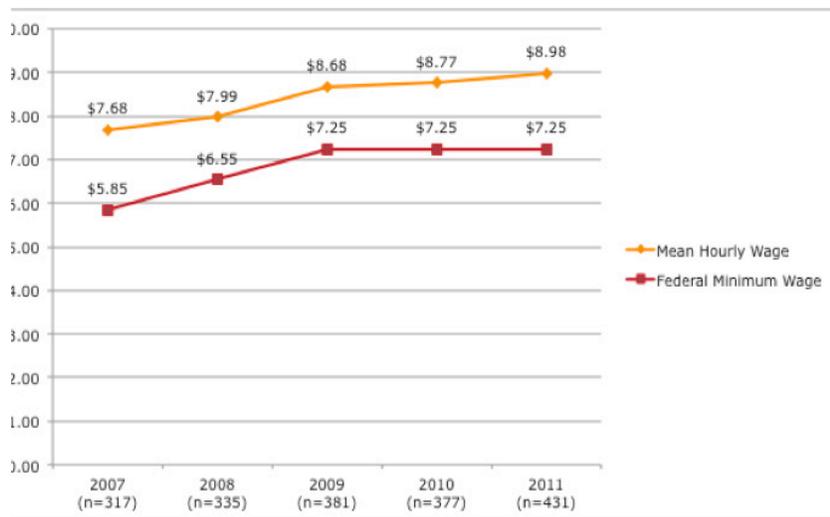
Further, as participants' personal income and contributions to state revenues via taxes paid increased, medical expenditures for those continuously enrolled in *Working Healthy* decreased. Adjusting for medical inflation, Medicaid expenditures per person per month for this group declined over time, dropping 41% from 2007 to 2011 (see Figure 3), with the greatest decrease being in outpatient expenditures that include doctor's visits, case management, attendant and related services.

DISCUSSION

When the Ticket to Work and Work Incentives Improvement Act (P.L. 106-170) was passed in 1999, establishing an option for states to implement Buy-In programs, one congressional finding listed in the law was that "For individuals with disabilities, the fear of losing health care and related services is one of the greatest barriers keeping the individuals from maximizing their employment, earning potential, and independence." For participants in *Working Healthy*, access to Medicaid has allowed them to increase earnings and independence in addition to having

the opportunity to pay taxes and premiums that offset some of their costs to Medicaid. Numerous studies (e.g., Lynch, Kaplan & Shema, 1997) have demonstrated the relationship between poverty and poor health status. The work presented here shows that, as Kansans with disabilities work more and earn more, their health status may indeed improve, as reflected in decreased medical expenditures.

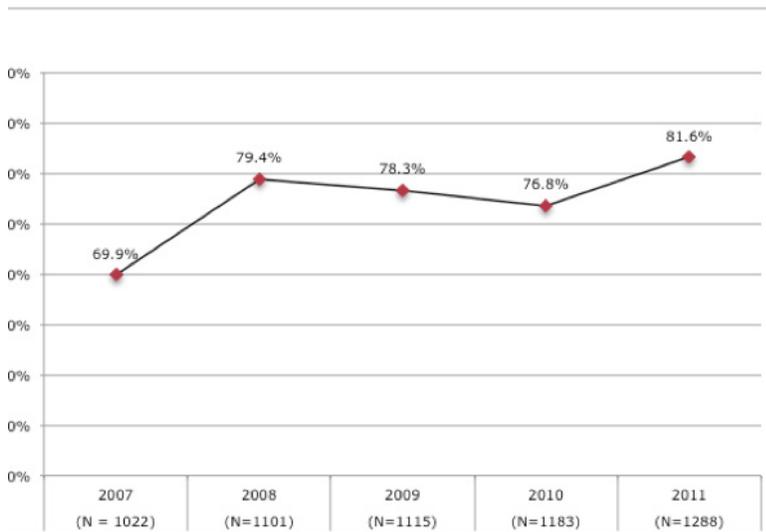
Figure 1: Mean Hourly Wage of *Working Healthy* participants



From: Kurth, Fall & Hall, 2011.

Data Source: Annual *Working Healthy* Program Satisfaction Survey

Figure 2: Percent of *Working Health* premium payers



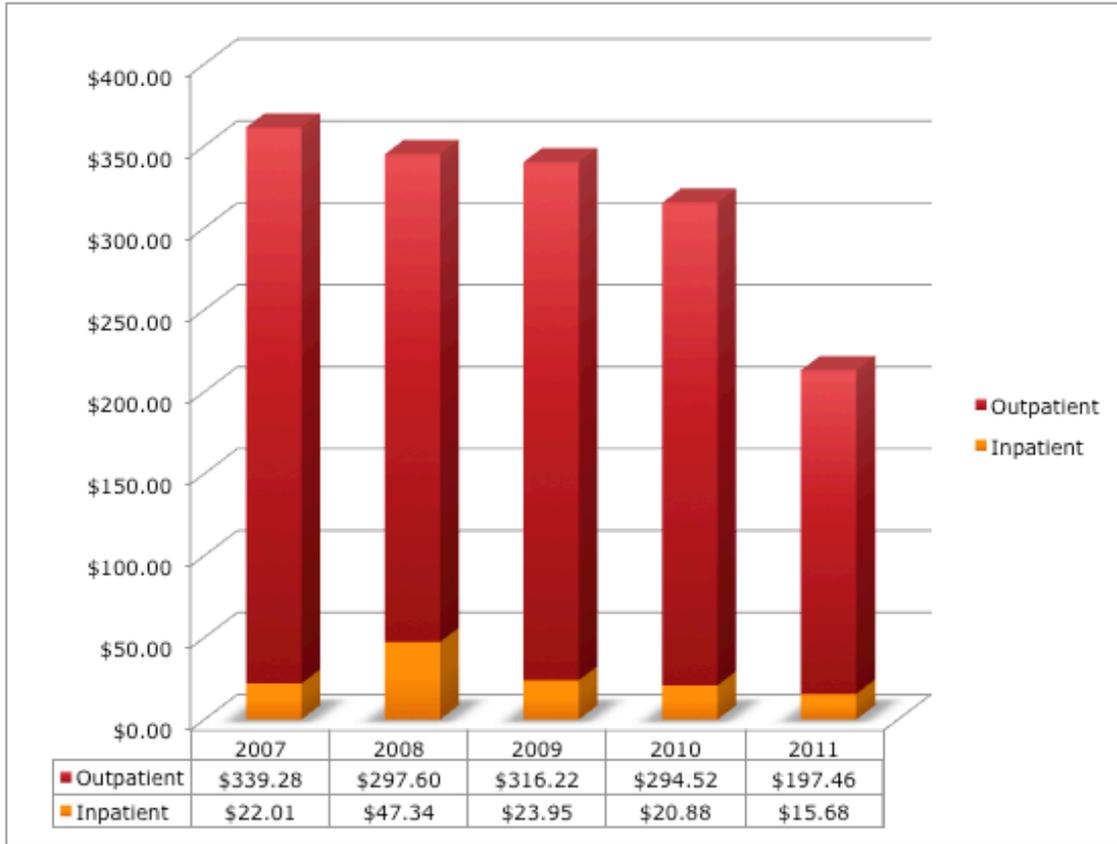
Data Source: Kansas Automated Eligibility Child Support Enforcement System (KAECSES)

REFERENCES

Kurth, N.K., Fall, E.C., & Hall, J.P. (2011). *Working Healthy Data Chartbook 2nd Edition: Evaluation of the Kansas Medicaid Buy-In 2002-2011*. Lawrence, KS: University of Kansas Center for Research on Learning. Available at: <http://health.kucrl.org/workinghealthy/publications/working-healthy-data-chartbook1>.

Lynch J, Kaplan G, Shema, S. Cumulative impact on sustained economic hardship of physical, cognitive, psychological and social functioning. *New England Journal of Medicine* 1997; 337(26):1889-1895.

Figure 3: Medicaid Expenditures for Continuously Enrolled Working Healthy Participants, per Member per Month, 2007-2011 (n=268)



Note: Expenditures were adjusted to 2011 for inflation using the Consumer Price Index for medical services.
 Data Source: Kansas Medicaid Management Information System (MMIS)

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