WORKING HEALTHY
Making health care work

Policy Brief

UNIVERSITY OF KANSAS MEDICAID INFRASTRUCTURE CHANGE EVALUATION PROJECT

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POLICY ISSUES FOR WORKING HEALTHY AND OTHER STATES' MEDICAID BUY-INS:
The Good, the Bad, and What Remains to Be Seen

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Medicaid Buy-In programs are a work incentive initiative under both the Balanced Budget Act of 1997 and the Ticket to Work/Work Incentives Improvement Act of 1999. They allow people with disabilities to work and get or maintain Medicaid coverage. The Kansas Buy-In, Working Healthy, has been very successful to date, with many positive stories from enrollees. The strengths of Working Healthy and Buy-Ins nationally, however, are offset by various policy issues that limit the degree to which Buy-In participants can gain true independence through work.

THE GOOD

Enrollees in Working Healthy relate some consistent themes about their positive experiences with the program. Comments on a June 2004 Satisfaction Survey mailed to Working Healthy participants (n=216) included the following:

- This is a more stable assistance
- I feel more independent
- I can afford much-needed medications
- I am able to see my doctor more and this is helping me to stabilize
- I feel better about myself by working
- I am so happy just to have the opportunity to work again

The numbers from the surveys also indicate some positives for participants:

- 83.2% are able to get the medical services they need through Working Healthy;
- 58.8% say that their financial status has improved since enrolling; and
- 61% say their independence has increased since enrolling.

THE BAD

While Working Healthy has helped people get the health care they need and to increase their independence and improve their financial status, problems still exist with regard to Medicaid coverage, the level of work people can engage in, and the benefits they may lose as a result of working. Additional comments from the Satisfaction survey reflect these issues:

- I lost my food stamps and LIEAP[1]; my utilities have doubled in the past year
- Some doctors will not see you at all if all you have is Medicaid
- I would really like more help finding additional work with more income

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Similarly, the numbers tell us:

- 27.3% of enrollees lost at least one benefit such as Section 8 housing, LIEAP, food stamps, or HealthWave (SCHIP) insurance coverage for a child or children; among people who have dis-enrolled from Working Healthy, 32% report having lost at least one of these benefits while enrolled
- 22.2% said they had turned down an increase in hours because it might affect their Social Security cash benefits
- 15.2% said they had difficulty finding doctors, therapists or pharmacies that accept Medicaid
- 15.3% said they thought they had been refused a job because of their disability within the last 12 months

WHAT REMAINS TO BE SEEN

These findings regarding continued barriers to working or working more reflect trends that are also seen nationally. In many cases, policy makers already have tools available to address these barriers and increase the success of Medicaid Buy-Ins across the country. What remains to be seen is whether and how these tools are used.

1. Earnings among Medicaid Buy-In participants remain low and many advocates believe this is due in large part to the disincentive to earn more created by the “cash cliff” for beneficiaries of Social Security Disability Insurance (SSDI); e.g., Goodman & Livermore, 2004. Under current rules, SSDI beneficiaries can lose all of their cash benefits after they have reached earnings above the substantial gainful activity level of $810/month. Almost a quarter of Working Healthy enrollees echoed this reluctance to work more hours and thereby endanger their Social Security benefits. The Social Security Administration will soon implement a demonstration project in four states to evaluate whether a “$1 for $2” cash reduction creates an additional incentive for SSDI beneficiaries to increase their work efforts. The project would create a system that would decrease cash benefits by $1 for each $2 earned above a certain threshold, thus creating a gradual reduction in benefits rather than the current abrupt “cliff.”

2. Public subsidized housing is an important source of affordable and accessible housing for people with disabilities. Eligibility for subsidized housing is based on countable income and the methodology used to assess what income is countable differs from that used for Buy-Ins. If increases in earned income are offset by the loss of affordable housing, then the incentive to work and earn more is potentially negated for many buy-in participants. Similarly, even small increases in earned income may be more than offset by increases in utility costs or loss of food stamp eligibility. Ultimately, Buy-Ins *should* empower participants to move off of public assistance, but the move must be gradual enough for gains in earnings to offset the losses in benefits.

3. Many Working Healthy enrollees relate that they would like assistance finding employment or better paying or more desirable jobs. Service providers in Kansas have said that their clients

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are often turned down by employment networks serving the state because they are not seen as good prospects for getting and maintaining employment sufficient for the employment network to receive payment through the Ticket to Work program. Several research projects have shown that the One-Stop job service system is not generally helpful to Kansans with disabilities, a finding that corresponds to those from national research efforts (e.g., Hall & Parker, 2004; National Council on Disability, 2002; U.S. Department of Labor, 2002). Many enrollees also felt that potential employers had discriminated against them on the basis of their disabilities. Unfortunately, even 14 years after passage of the Americans with Disabilities Act, such overt discrimination continues.

Whether and how these barriers are addressed is largely dependent on state and federal policy. Social Security SSDI $1 for $2 demonstrations will not be initiated nationally until 2006 and states will have a choice in whether to apply for and implement them. Federal policy regarding eligibility for subsidized housing and energy assistance programs was not addressed in the Ticket to Work legislation, but can be addressed by new legislative efforts. The Workforce Investment Act, which created the One-Stop job service system, is currently up for reauthorization. Advocates are trying to get legislators to include outcome measures with regard to services to job seekers with disabilities in the new law. The Social Security Administration is considering ways to facilitate the Ticket reimbursement process for employment networks so that they will accept more Tickets and assist more job seekers with disabilities. Employment networks, in turn, could work with employers to address discriminatory hiring processes.

Ultimately, the success of Medicaid Buy-In programs is as dependent on these and other external issues as on their own merits. As the federal and state governments assess outcomes of the Buy-Ins, they must do so in the larger context of cross-agency and cross-system incentives and disincentives to employment for people with disabilities.

[1]LIEAP is the Low Income Energy Assistance Program, a federally funded program that helps eligible households pay a portion of their home energy costs.

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