



MEDICAID BUY-IN:

The concept of Medicaid Buy-In was created by the federal government in 1997 in the Balanced Budget Act and was later improved in 1999 when Congress adopted the Ticket To Work, Work Incentives Improvement Act. In these acts, Congress enabled states to develop a program that would allow individuals with disabilities to earn a meaningful wage and continue to receive health care coverage through Medicaid by paying a limited premium for continued coverage.

The challenge faced by many individuals with disabilities seeking gainful employment is the potential loss of Medicaid health care services, many which can not be replaced by health care services offered by employers in the private marketplace (Table 1).

“The commercial market operates differently from Medicaid. Private insurers follow principles of risk avoidance and seek to limit situations where they depart from actuarially based, standardized, population risk norms with respect to coverage. Private insurance is designed for a healthy population, which results in strict coverage limits, including exclusion of most or all developmental disabilities.”

-The Commonwealth Fund

By definition, a developmental disability is a chronic disability in an individual that is manifested by age 22. As a result, most individuals seeking private health insurance through the workplace are meeting with “pre-existing condition” limitations.

The Medicaid Buy-in Program has repeatedly been diagnosed as an option that will help rein in future costs of the federal and state health care program. In 2004, the Ohio Commission to Reform Medicaid recommended establishing, “a Medicaid Buy-In Program for People with Disabilities in tandem with Commission recommendations to control the rapid growth in Medicaid spending.” Additionally, the Ticket to Work Study Group of the Ohio Legislature (chaired by Senator Bill Harris, now president of the Ohio Senate) established income and premium guidelines for Ohio to implement a Medicaid Buy-In program.

Table 1. A Comparison of Commercial Insurance and Medicaid

	Commercial insurance	Medicaid
Preexisting condition exclusions	Permitted within HIPAA limitations	Prohibited
Categories of covered benefits	Limited to "major medical" care with certain preventive benefit additions to limit risk exposure	All service classes within federal medical assistance definition are mandatory for children. Broad coverage includes care related to special health care needs.
Benefit definitions	Insurer's discretion	Defined by federal law
Limitations and exclusions	Typically included	No limits where care is medically necessary and service falls under definition of medical assistance
Patient cost-sharing	Left to the discretion of the insurer and purchaser	Prohibited for children under age 18
Medical necessity	Left to the discretion of the insurer	Preventive pediatric standard

Source: S. Rosenbaum, A. Markus, C. Sonosky et al., Policy Brief #2: State Benefit Design Choices Under SCHIP-Implications for Pediatric Health Care (Washington, D.C.: George Washington University, 2001).

The National Council on Disabilities reported in 2004 that only 35% of individuals with disabilities were employed full- or part-time, but that 78% of people without disabilities were employed.

Unfortunately, Buy-In has not received the attention and support necessary to make it a reality in Ohio. The Ohio General Assembly has faced numerous down-budget years, forcing the legislature to enact budgets with program cuts, flat funding and tax increases just to maintain essential services and supports.

HOW IT WORKS:

In 2001, the ODDC commissioned a study on the potential cost of a Medicaid Buy-In Program in Ohio. According to initial estimates created by the study's author, Steven R. Howe, the Buy-In could have potentially cost the state \$20.4 million. This analysis was later challenged by the Lewin Group, which provided five varying costs of the program

based upon income limits and premium collection. A follow up study conducted by Howe examined the Lewin Group study and determined that a Buy-In option in Ohio, based upon the Ticket to Work Study Group recommendations, would cost the state between \$14-\$22 million.

Participation in the Medicaid Buy-In Program remained a question for both independent researchers and advocacy organizations. The Buy-In concept pitched by the Ticket to Work Study Group would enable individuals with disabilities to subtract the first \$20,000 in income from the federal poverty calculation in order to be eligible. Medicaid Buy-In would discontinue if the individual's adjusted income exceeds 250 percent of the federal poverty level. The premium rate would be 10 percent of total income for workers whose earnings exceed 150 percent of the federal poverty rate.

In September of 2006, State Senator Steve Stivers (R-Columbus) and State Representative Jon Peterson (R-Delaware) introduced companion bills in each chamber of the Ohio General Assembly that would make Medicaid Buy-In a reality in Ohio. Senate Bill 369 and House Bill 664 would have enabled working individuals to have a total income of \$45,525 and continue to receive Medicaid health care services. The bill would also have raised the current asset limit for individuals with disabilities from \$1,500 to \$10,000 and allowed the asset limit to grow with inflation. These bills are expected to be re-introduced during the 127th General Assembly.

If Medicaid Buy-In is passed, perhaps as part of the next budget bill, it is expected that 7,000 Ohioans with disabilities would benefit from employment opportunities without fear of losing Medicaid health care services.

Two examples of how MBI could work in Ohio:

- Example 1 – Joe lives by himself and finds a job that pays \$30,000 per year. Under MBI, Joe can subtract his first \$20,000 in income, which leaves \$10,000 in income measured against the federal poverty level. Because Joe's adjusted earning is less than 250 percent of the federal poverty rate (\$25,525), he is eligible to participate in MBI. Joe's MBI premium would be 10 percent of the difference between his total income (\$30,000) and 150 percent of the federal poverty level (\$15,315). In this example, Joe's annual premium would be \$1468.50, or \$122 per month.
- Example 2 – Sally lives at home with her daughter and finds a job that pays \$50,000 per year. Under MBI, Sally can subtract her first \$20,000 in income, which leaves \$30,000 as income measured against the federal poverty level. Because Sally's adjusted earning is less than 250 percent of the federal poverty level for a two person household (\$34,225), Sally is eligible to participate in MBI. Sally's MBI premium would be 10 percent of the difference between her total income (\$50,000) and 150 percent of the federal poverty level for a two person household (\$20,535). In this example, Sally's annual premium would be \$2,946.50, or \$245.54 per month.

OHIO'S EFFORTS:

As of 2005, more than 80,000 individuals in 34 states were covered under a Medicaid Buy-In type system. Ohio is NOT one of those states.

Ohio currently receives federal funding under the Medicaid Infrastructure Grants to develop state infrastructures to support working individuals with disabilities. According to the Centers for Medicare and Medicaid Services;

“The goal of the Medicaid Infrastructure Grant program is to support people with disabilities in securing and sustaining competitive employment in an integrated setting. The grant program will achieve this goal by providing money to the States to develop and implement the core elements of the TWWIA so as to successfully modify their health care delivery systems to meet the needs of people with disabilities who want to work.”

Additionally, the Ohio Department of Job and Family Services is currently developing improvements to the administration of the Medicaid program through the Medicaid Information Technology Systems plan. Ohio is poised to receive enhanced reimbursement for investments in Information Technology Systems that may or may not include a mechanism to charge and collect a premium under the Medicaid Buy-In program.

