

Medical Assistance Purchase Plan (MAPP) Briefing – November 2015

Rep. Jacques, along with input from the GCPD, CPD, BPDD, Survival Coalition members and other advocates is introducing legislation proposing changes to the Medicaid Purchase Plan (MAPP), Wisconsin's Medicaid buy-in, to increase work incentives for people with disabilities. These individuals may be on Supplemental Security Income, Social Security Disability Income (SSDI) or participating in any of our long-term support programs. The following are the proposed changes:

1. What are the fiscal implications of this bill?

- a. Rep. Jacques has requested that DHS create recommendations and develop a cost estimate that will allow a bill to pass that will increase the work incentives available to people with disabilities.
- b. Purpose of MAPP is to have more people working who receive Medicaid what does the bill include to enhance work incentives:
 - i. The bill will expand eligibility based on only considering individual income and assets.
 - ii. How many additional people?
 - iii. What is the estimated fiscal impact of this new eligibility for users of Medicaid per member per month (pmpm)?
 - iv. How does treatment of earned and unearned income change affect the program?
 - v. What are the financial implications when people move from cost share to paying a premium under MAPP?
 - vi. What is an estimated cost of premiums with everyone paying at least \$25?
 - vii. How will the exclusion of all long-term care costs improve access to increase savings for people with disabilities receiving long term care?
 - viii. How can we ensure that people can retire and maintain access to long term care that they received while working?

2. Income Limit – Eliminate the marriage penalty

- a. AB 414 eliminates the marriage penalty by excluding spouse's income and assets.
- b. By eliminating the spouse's income and assets at the time of eligibility determination, DHS estimated to add 5,000 new people at \$600 per member per month for a total cost of \$37.5 million.
- c. DHS position supports eliminating this language from the bill due to insufficient data on how many additional people will be made eligible and costs associated with this increase. GCPD and CPD are willing to take this out to move the bill forward.

3. Work Requirement

- a. The bill does not change the definition of work but verification process for work could be formalized.
- b. DHS position supports eliminating in-kind language and recommends creation of a new definition of work.
 - i. Under the Governor's proposal a new definition of work was included. Advocates and counties were concerned that 9000 people would be left without Medicaid and the legislation failed

- c. DHS has the authority to require work reporting and documentation of the value of work hours without statutory language. This change in process could be done with no changes in the proposed bill.

4. Unearned and Earned income

- a. Reduce the disincentives to work whereby earned and unearned income would be counted the same when determining eligibility and premium calculations.
- b. DHS supports counting earned and unearned income the same. This supports people to work, increase their personal income, pay more taxes, reduce Medicaid costs as individuals gain access to employer-sponsored health care, access to employer-sponsored retirement plans, maintain Medicaid for medical benefits only if unable to secure employer-sponsored health care and maintain access to needed personal care.

5. Total Income for Premium Calculation

- a. Institute a minimum \$25 premium for all participants who are under 150% of the federal poverty level (FPL) based on premium calculations. Paying at least a minimum premium establishes a fairer structure for all and will offset the cost of the Medicaid buy-in program.
- b. Those above 150% of FPL will pay a premium based on income but at a fairer rate.
- c. Medicaid buy-in's authorized under the Balanced Budget Act, the Center for Medicare and Medicaid Services (CMS), Federal Premium Rules, SSA §§ 1916(c), 1916A (b)(1)(A); 42 CFR §§ 447.55, 447.56(f), allow states with an approved Medicaid state plan amendment, to impose premiums on the medically needy and people with disabilities who are employed, on a sliding scale based on income for individuals who are under 150% of the federal poverty level
- d. Advocates have requested that the statutory authority to not require a premium if DHS determines that it would create an undue hardship be maintained.
- e. \$25 minimum premium paid by 21,093 who were enrolled in 2012 earning below 150% of poverty would generate \$6,327,900.
- f. Source: Wisconsin Department of Health Services Fiscal Analysis (April 2012).

% FPL	Number of Participants	Number Paying Premium	Proposed Changes \$25 min Premium
Below 100%	6,985	0	6,985
100-150%	14,108	0	14,108
Above 150%	2, 023	996	2,023
TOTAL	23, 115	996	23,115
Premium Payments		\$2 million	\$6.3 million

6. Portion of Unearned and Earned Income Paid as Premium

- a. Earned and unearned (SSDI payment for example) income is treated the same when calculating the person's premium.
- b. Typical Case Scenario for why people choose not to work more hours:
 - i. John has a mental health disability and receives an SSDI payment of \$1,350/month. To access his mental health support services from the county, he needs to have Medicaid but wants to work part-time earning \$300/month. He applies for MAPP and is found

eligible. **Under current rules**, his monthly MAPP premium will be \$525/month which is more than he would earn in his job

- ii. **Under Proposed changes**, John would still be eligible for MAPP, however, his premium would be the minimum of \$25/month. John could continue to work at his part-time job, make connections and explore working more hours. In addition he will be able to save more than \$2000.

7. Out-of-Pocket Medical, remedial expenses plus long term care costs

- a. Governor's 13-15 budget proposed a deduction of a \$500 cap. Rep. Jacques continues to propose these deductions without a cap. Under current eligibility for MAPP, out-of-pocket medical remedial and long term care costs are not excluded.
- b. If the individual's income is equal to or greater than 250% of the poverty line and the individual meets all of the other eligibility criteria and DHS is able to determine that the individual's income is insufficient to replace all of the publicly funded benefits the individual receives in the absence of those earnings the individual can then remain eligible for the Medicaid buy-in.
- c. Individuals on SSI 1619(a/b) do not pay a premium and are unable to save above the \$2000 asset limit. MAPP would allow them to work, have a reasonable premium and be able to save over this limit
- a. Current Eligibility Case Scenario: Tess has Medicaid and needs Long Term Care to help pay for her personal cares that make it possible for her to work. She has a job offer for \$65,000/year as a policy analyst.
 - i. **Under current rules**, she learns her earnings would be too high and *she is not eligible for MAPP*. She needs to turn down the job offer or ask for a lower salary in order to maintain her long term care supports.
- b.
 - i. **Under Proposed Changes**, Tess would be found eligible as her monthly LTC costs of \$1,000 could be deducted in addition to the usual disregards. Instead of turning down the position, she could switch over to MAPP. She would have a monthly premium of \$125.
- c. DHS would like to see the statutes recognize that wherever approval of the federal government is required that DHS would not be required to move forward unless the federal approval is secured.

8. Independence Accounts or Savings/Retirement accounts after individual leaves MAPP. Currently to the extent possible the bill allows DHS when determining eligibility for MAPP to exclude to the extent approved by the federal government income and assets from retirement benefits accumulated or were earned while employed or employer contributions while the individual was employed and receiving MA coverage under the MA program.

- a. Give participants the ability to contribute to their independence/retirement accounts without risking the loss of eligibility in other Medicaid and/or other long-term support programs once they can no longer work or retire.
- b. Assets accumulated while the person was employed and receiving **MA coverage under MAPP** are excluded when determining eligibility for Medicaid.

- c. Recommend including language to exempt assets while the person was employed and receiving long-term care coverage through eligibility of the Community Options Program (COP)
- d. Recommend that DHS work with Rep Jacques to include language in the final bill that will allow all individuals receiving long-term support services, such as through the Community Options Program to also retire – Page 2 – *“The bill also requires DHS, when determining eligibility for MAPP, to exclude from assets, to the extent approved by the federal government, income or assets from retirement benefits that accumulated or were earned from employment income or employer contributions while the individual was employed and receiving MA coverage under MAPP and/or long-term support services through the Community Options Program (COP).”*