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Medicaid Expansion for Employed Persons With Disabilities: Costs and Benefits of the “Ticket to Work” Buy-In

EXECUTIVE SUMMARY

The federal Ticket to Work and Work Incentives Improvement Act of 1999 (HR 1180) is intended to increase employment opportunities for persons with disabilities, focusing on individuals participating in the two federal income assistance programs: Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI). A key provision of the Ticket to Work law gives states the option of expanding Medicaid coverage to employed persons with severe disabilities. The Medicaid expansion, often referred to as a “buy-in,” represents a major change in access to health care for persons with severe disabilities by greatly increasing the income and asset thresholds for Medicaid eligibility.

This report, undertaken at legislative request,¹ examines the impacts of implementing the optional Medicaid buy-in provision of the Ticket to Work law.

Key Findings

The potential impacts of the Medicaid expansion program, or Medicaid buy-in, for employed persons with disabilities are examined here. Two key findings are notable:

1. Flexibility in Program Design Enables States to Control Costs and Benefits

- ✓ The Ticket to Work law allows states to establish any income and assets standards, or none at all, to regulate program eligibility. Enrollment and costs will be influenced by how a state designs its program.
- ✓ A similar level of flexibility is allowed regarding the amount and design of program premiums and other fees or cost-sharing amounts.
- ✓ The design of eligibility standards, premiums, and cost-sharing amounts will affect both the number of potentially eligible individuals and the number of individuals with an incentive to participate in the Medicaid buy-in. The program’s cost to state government will be directly related to these program design features.

2. Choice of Program Design Affects Enrollment and Incentives: Costs and Benefits of the Medicaid Buy-In Program

To estimate a range of effects in Washington State, two Medicaid buy-in scenarios are examined:

- ✓ **Low State Cost Scenario:** A program with monthly premiums based on income and cost-share amounts similar to the current Medically Needy “spend down” will have enrollment effects of around *883 individuals* by the end of the 2001-03 biennium; of

¹ Section 607(8), EHB 2487

those individuals, *at least 133 will have increased their hours worked* in response to the buy-in. The program will result in a *net General Fund-State increase of about \$1 million* in expenditures during the 2001-03 biennium, increasing to *\$2.1 million* by the 2003-05 biennium. The addition of the cost-share reduces the incentive for some individuals to participate and also reduces General Fund-State expenditures relative to the high state cost scenario.

- ✓ **High State Cost Scenario:** A program with monthly premiums based on income but no cost-share amounts will have an enrollment effect of around *5,864 individuals* by the end of the 2001-03 biennium; of those individuals, *at least 4,750 will have started working or increased their hours worked* in response to the buy-in. The program will result in a *net General Fund-State increase of about \$9.6 million* in expenditures during the 2001-03 biennium, increasing to *\$18.8 million* by the 2003-05 biennium.