DHS

Department of Health Services
2013-2015 Biennial Budget Issue Paper
October 5, 2012

Medical Assistance Purchase Plan

Decision Needed

The Department of Health Services proposes to reduce work disincentives in the MAPP program by:

- Altering the MAPP eligibility criteria;
- Altering the MAPP premium structure;
- Excluding retirement assets and income accumulated while in MAPP for MA eligibility and cost-sharing purposes as an incentive to work and save.

Background

1. Section 4733 of the Balanced Budget Act of 1997 allows states to establish Medicaid buy-in programs through which working people with disabilities whose earnings are too high for them to qualify for Medicaid under existing rules may qualify for coverage. Wisconsin's buy-in program is MAPP.

2. The goal of MAPP is to remove financial disincentives to work. The program provides enrollees the opportunity to earn more income without the risk of losing MA-funded health care coverage. This plan also allows an individual to accumulate savings from earned income in an Independence Account to increase the rewards from working. An individual is eligible to participate in MAPP if:

   - the individual's family income, except income that is excluded under federal SSI rules, is less than 250% of the FPL;
   - the individual's countable assets under MA financial eligibility rules do not exceed $15,000 at enrollment;
   - the individual has a disability under SSI standards;
   - the individual is engaged in gainful employment or is participating in a employment plan that is certified by DHS; and
   - the individual is at least 18 years old.

3. People choose to enroll in MAPP because financial criteria for MAPP eligibility are less stringent than those for other MA programs for the elderly, blind, and disabled (EBD). For non-working disabled without a nursing home level of care, categorically needy income limits are less than 100% of the FPL. Spend-down provisions allow higher income individuals to receive coverage if they have high medical expenses. However, an EBD individual or couple must spend down to $592 per month to receive coverage. The asset limit for EBD individuals is $2,000. The Home and Community-Based Waivers long term

care (HCBWLTC) eligibility criteria allow income up to $2,094 per month, but enrollees may have to contribute to the cost of care and may be able to retain only $878 of income for living expenses.

4. MAPP participants with gross monthly individual income exceeding 150% of FPL for their family size ($1,396 for an individual in 2012, more for larger households) are liable for a premium. While spousal and other family income is excluded from the income calculation for premiums, those family members are included when determining family size. Premiums are equal to:
    - *All* unearned income after subtracting deductions (e.g. impairment-related work expenses and out-of-pocket medical and remedial expenses) and a standard living allowance of $801;[1]
    - 3% of work-generated income.

   Premium calculations are rounded down to the nearest increment of $25, so participants with premiums calculated to be below $25 do not pay premiums.

MAPP Eligibility & Premiums

	All Participants
Income Limit	250% FPL
Asset Limit	$15,000
Total Income for Premium Eligibility	150% FPL
Portion of Unearned Income Paid as Premium	Any unearned income (minus deductions) above $801
Round Premium	Down to nearest $25
Minimum Premium	None
Maximum Premium	None

5. The premium calculation treats earned and unearned income differently for several policy reasons. First, this decision was driven by a desire to motivate higher employment earnings and reduce reliance on public cash benefits among MAPP participants with an SSDI entitlement.[2] In addition, by including all unearned income (minus deductions) over the standard living allowance ($801 in 2012) in the premium, MAPP premiums are considered consistent with the cost sharing requirements for other EBD programs.

6. MAPP participants also have the opportunity to save earnings apart from the $15,000 countable asset limit for eligibility. They can establish Independence Accounts (IAs), which are intended to foster savings for items that increase personal and financial independence. Annual deposits are limited to 50% of each year's gross earned income.

[1] Examples of impairment-related work expenses (IRWE) include adaptive equipment, vehicle modifications, service animal costs and some transportation expenses. Examples of medical and remedial expenses (MRE) include attendant care, prescription drugs, medical devices and services, and certain insurance premiums and co-payments.
[2] When the MAPP program was being developed, program administrators assumed that the SSDI benefit would be restructured to gradually decrease as earnings rose; however, this policy was never enacted by the Social Security Administration. As a result, SSDI recipients receive a set monthly benefit until their earned income surpasses the SSDI substantial gainful activity (SGA) level, $1,010 in 2012, at which point they lose the total benefit.

7. MAPP includes a grace period for certain participants who are not working. Participants who are looking for work and have a certified work plan may be granted an exemption for up to 9-12 months. In addition, participants who are episodically too sick to work may be granted an exemption for up to 6 months (limited to 2 exemptions every 3 years), provided that they were enrolled in MAPP for at least 6 months prior to needing the exemption.

Current MAPP Population

8. In March 2012, 21,145 individuals were enrolled in MAPP. At that time, approximately 20% of MAPP participants (4,071) were receiving long term care services and 90% (19,028) were also receiving Medicare benefits.

9. As illustrated in the table below, most MAPP participants have countable income between 100% and 150% FPL for their family size.

% FPL	Number of Participants	Percent of Total Participants
Below 100%	6,305	30.2%
100-150%	12,735	61.0%
Above 150%	1,826	8.8%
Total	20,866	100.0%

10. Very few participants in MAPP pay a premium. In April 2012, only 4.6% (969) of MAPP participants paid a premium. For those participants paying a premium, the average premium was about $242; the median was $125.

11. Monthly earned income for MAPP participants is also particularly low. In April 2012, CARES data show that 75.6% of individuals had a monthly earned income under $100. The average income in that month was $129; the median was $20. The table below breaks down the MAPP population by earning level in April 2012.

Earned Income	Number of Participants	Percent of Total Participants
$0	4,033	19.3%
$0-25	7,794	37.4%
$25-65	3,181	15.2%
$65-100	772	3.7%
$100+	5,086	24.4%
Total	20,866	100.0%

12. In April 2012, 69 MAPP participants had at least $1 in an independence account. Balances ranged from $1 to $13,001. Of those participants with money in their accounts, the average account balance was $4,321 and the median was $2,971. Total funds held in IAs amounted to $298,172. The table below shows the number of participants with IAs according to account savings level.

IA Amount	Number of Participants
$1-$4,999	44
$5,000-$9,999	17
$10,000-$14,999	8

Concerns with the Current Methodology

13. There are several concerns about the current methodology for determining premiums and eligibility for MAPP participants. The premium methodology leads to very few participants paying premiums, and creates disincentives to earn enough income to reach the 150% FPL premium threshold. Work disincentives may also stem from the program's eligibility criteria.

14. The low number of participants paying premiums can be attributed to several causes. First, the premium threshold of 150% FPL excludes a large portion of participants from paying premiums. The portion paying premiums is even smaller because the calculation includes spouses and other family members in the family size but excludes their income in the premium threshold calculation. While 2,245 (10.8%) of MAPP participants had total individual income at or above 150% FPL for an individual ($1,396) in April 2012, only 7.2% (1,512) reached 150% FPL for their household size and were therefore subject to a premium. The total number of participants actually paying a premium was even lower at 969 (4.6%). This further decrease was largely due to the $25 premium calculation threshold.

15. In addition, the income threshold (total income greater than 150% of FPL) at which enrollees are subject to a premium and the level of this premium give participants an incentive to keep income at or below 150% FPL, creating disincentives to work. To avoid paying a premium, participants may work only at a level where their monthly earnings are less than the difference between unearned income and the threshold. For example, if a MAPP participant received $1,111 in unearned income, the SSDI benefit in January 2012, and had earned income over $285, she would be over the 150% FPL income threshold and would be required to pay a monthly premium of at least $300, a net loss in earned income of $15.

Single Person with Work Income and SSDI Benefit		
	Example 1	**Example 2**
Earned Income	$ 285	$ 275
Unearned (SSDI)	$ 1,111	$ 1,111
Total Income	**$ 1,396**	**$ 1,386**
150% FPL Level	$ 1,396	$ 1,396
Subject to Premium?	Yes	No
Premium Calculation - Approximate		
3% of Earned Income	$ 8.55	$ -
Unearned Income minus $802 minus any deductions	$ 309.00	$ -
Total Premium	$ 317.55	$ -
Income Minus Premium	**$ 1,078.45**	**$ 1,386.00**

Note: In this example, a $10 income difference equates to a $317 premium difference.

16. The program's eligibility criteria may create work disincentives in several other ways. First, the income limit provides an incentive for participants to keep household income under 250% FPL. This calculation excludes income allowed under federal SSI rules, but in contrast to the SSI 1619(b) program, which is also intended to provide incentives for disabled individuals to work, does not deduct medical and long term care costs.[3]

17. Second, the program's work requirement is not considered to be very strong. Activities performed in exchange for in-kind payments are considered work for eligibility purposes. In addition, the program does not currently require work verification, so it is unclear how many participants engage in formal employment.

18. In addition, disability advocates and MAPP participants have raised concern regarding the status of Independence Account assets when a participant ceases working, due to either retirement or recognition that their medical conditions impede an ability to continue working. These individuals are no longer eligible to receive MA benefits through MAPP. To continue to receive MA coverage, they must spend down their assets to under $2000, including Independence Account savings, to meet eligibility criteria. It should be noted, however, that Wis. Stat. 49.47(4)(b) permits the exclusion of these assets for eligibility purposes for medically needy applicants, though the statute was intended to be applied more broadly.

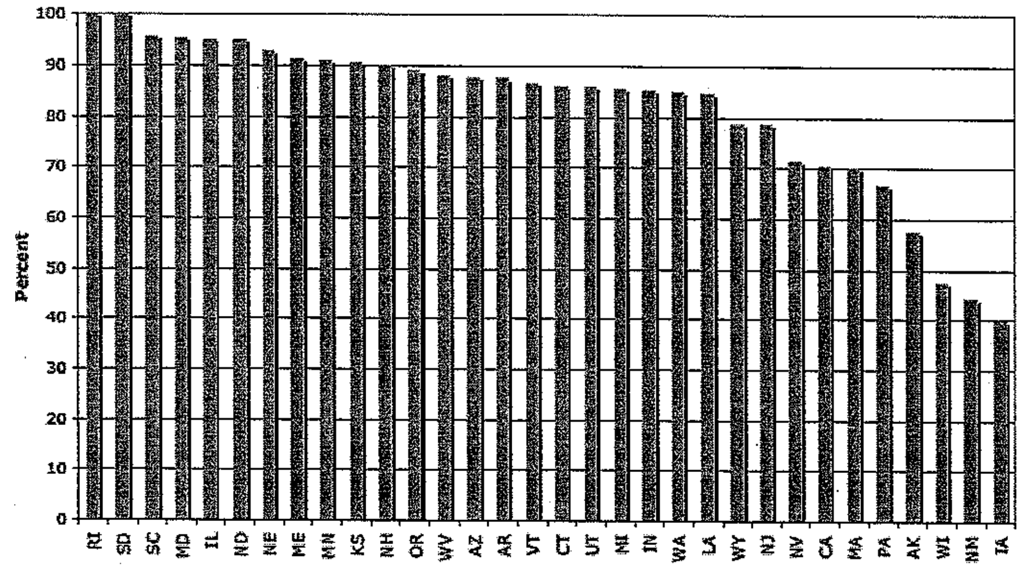
Comparing MAPP to Other Medicaid Buy-In Programs

19. Mathematica Policy Research, Inc. (MPR), has performed a number of evaluations of Medicaid buy-in programs across states. The 2010 report evaluating the Medicaid Infrastructure Grants program for 2009 shows Wisconsin participants as having the lowest

[3] The SSI 1619(b) program allows SSI recipients with employment earnings high enough to eliminate their cash benefit to remain eligible for MA coverage with no premium. This program has a cash asset limit of $2,000.

average earnings among all 37 states with buy-in programs. Average earnings for MAPP participants were $4,652, well below the national average of $8,677. In addition, as illustrated in the table below, in 2006 Wisconsin's buy-in program had an employment rate of about 47%, the third-lowest among all states with buy-in programs.[4]

Figure IV.2. Percent of Buy-In Participants Employed, by State, 2006



Source: Buy-In finder files and the Master Earnings File, 2006.

Note: South Dakota had only one Buy-In participant enrolled during 2006; enrollment in other states varied between 19 and 14,866 participants.

20. A number of program features are associated with higher earned income and work participation. According to MPR's 2006 report, states with shorter grace periods, higher income limits, and younger participants tended to have higher employment and higher incomes. In addition, participants in buy-in programs with work verification were 27% more likely to be employed than other participants, and earned an average of $503 more annually.[5] The report also found that participants in buy-in programs authorized under the Balanced Budget Act of 1997 (BBA) were 52% less likely to be employed than participants in buy-in programs under the Ticket to Work and Work Incentives Improvement Act of 1999 (TWWIIA).

21. The difference in employment between BBA and TWWIIA buy-in programs draws mainly from two sources. First, the BBA requires states to impose an income limit of 250% FPL, while TWWIIA allows states to choose which, if any, income standard to impose. Moreover, while the BBA allows working disabled individuals of any age to enroll in the buy-in program, the TWWIIA limits participation to working disabled individuals aged 16-64. It should be noted that the BBA's age requirements accord with MAPP's goal of helping elderly disabled individuals maintain MA eligibility during retirement.

[4] Mathematica Policy Research, Inc. (April 2008). *The Three E's: Enrollment, Employment, and Earnings in the Medicaid Buy-In Program, 2006.*
[5] Ibid

22. To encourage savings and ensure continuity of care, a number of states disregard specific assets in their Medicaid buy-in programs or allow portability of Independence Accounts between Medicaid programs. California, Connecticut, New Hampshire, and Vermont identify assets, including those associated with earnings during enrollment in a MA program, that are excluded from MA eligibility determination for the lifetime of the individual, regardless of whether they exit their current coverage group.

Portability of Retirement Assets

23. In Wisconsin, portability is limited. The Statutes currently allow only EBD Medicaid recipients who qualify as medically needy to have these retirement assets excluded for eligibility purposes. For this group, Wis. Stat. § 49.47(4)(b) allows the exemption of "any amounts in an independence account, as defined in s. 49.472(1)(c), or any retirement assets that accrued from employment while the applicant was eligible for the community options program under s. 46.27(11), or any other Medical Assistance program, including deferred compensation or the value of retirement accounts in the Wisconsin Retirement System or under the federal Social Security Act."

24. These assets are not exempt for other groups of Medicaid applicants and recipients. These provisions were added in Act 28, the 2009-11 biennial budget. As drafted, the language did not meet the intent, targeting only EBD medically needy individuals and exempting too wide a range of assets. Wis. Stat. § 49.472 excludes independence accounts from countable assets for MAPP eligibility, but does not address deferred compensation or retirement accounts. Statutes governing other Medicaid groups do not include such exclusions.

25. Upon exiting MAPP, participants have significantly restricted access to the retirement assets they accumulated during the program. They spend down retirement assets or establish trusts in order to remain MA eligible. The lack of access to these assets after leaving the MAPP program creates a disincentive for participants to save or to participate in work activities beyond a level that will generate income to cover their immediate needs.

26. With an improved ability to retain saved earned income, MAPP participants may increase their work participation. DHS proposes that state law be modified to exclude retirement assets and income accumulated while in MAPP for MA eligibility and cost-sharing purposes for all EBD applicants and recipients, including MAPP participants.

27. It should be noted that this proposal limits exempt retirement assets and income to those accumulated while in MAPP.

Revising MAPP's Eligibility Criteria for Sustainability

28. The Department proposes a revised MAPP eligibility calculation that seeks to offset current disincentives for disabled individuals to **work and save** for retirement. The proposal includes changes to the income calculation, work requirement, and countable assets for eligibility purposes.

29. Changes to the current income determination formula include the following:

    1) Eliminate the distinction between earned and unearned income;
    2) Disregard $500 of the applicant's out-of-pocket expenses for medical/remedial expenses (MRE) and long term care costs.

30. DHS also proposes to require work verification to increase employment and earnings among MAPP participants. At time of initial application, at their annual review, and within 10 days of a change in income, applicants would be required to provide documentation of having paid taxes or having had taxes withheld from earned income. Activities in exchange for in-kind compensation would no longer be considered valid work activity. The Department would give current participants a six-month window after the effective date of the policy to either find work and provide required documentation or begin developing a work plan.

31. The methodology would also exempt assets in eligible retirement and deferred compensation accounts accrued *during MAPP eligibility*, as discussed above.

32. DHS proposes that Wis. Stat. § 47.472(3) be amended to direct DHS to promulgate eligibility requirements to effect these changes. The table below illustrates the proposed changes.

MAPP Eligibility Criteria

	Current	*Proposed*
Total Income for Eligibility	1. Take earned income (applicant & spouse) 2. Subtract $65 3. Divide by 2 4. Subtract IRWE 5. Add unearned income (applicant & spouse) 6. Subtract $20 general disregard Compare total to 250% FPL for family size	**1. Take total earned and unearned income (applicant & spouse)** 2. Subtract $65 3. Divide by 2 4. Subtract IRWE **5. Subtract $500 in MREs and LTC costs** **6.** 7. Subtract $20 general disregard Compare total to 250% FPL for family size
Work Verification	None	**Formal documentation of tax payment or withholding from earned income**
Eligible retirement and deferred compensation accounts considered countable assets?	Yes	**No**

Revising MAPP's Premium Structure

33. The Department could revise the MAPP premium structure to offset the current disincentives to work and increase the number of participants paying premiums. Proposed changes to the formula include the following:

    1) Establish a minimum premium of $50 for participants with gross monthly income above 150% FPL;
    2) Compare individual income to 150% FPL for individual instead of for family size;
    3) Eliminate the distinction between earned and unearned income.

34. DHS proposes that Wis. Stat. § 47.472(4) be amended to incorporate changes to the MAPP premium methodology. The table below illustrates the proposed changes.

MAPP Premium Methodology

	Current	*Proposed*
Total Income for Premium Eligibility	150% FPL (for family size)	150% FPL (for individual)
Portion of Unearned Income Paid as Premium	Any unearned income (minus deductions) above $801	3% after deductions
Portion of Earned Income Paid as Premium	3%	3% after deductions
Round Premium	Down to nearest $25	Down to nearest $25 above $50
Minimum Premium (if total income above 150% FPL)	None	$50

35. The Department has proposed these changes for several reasons. The minimum premium would ensure that all participants eligible to pay premiums are paying premiums, while the income calculation change would increase the number of participants eligible to pay premiums. The maximum premium is intended to keep the program affordable and encourage higher earnings by those who are capable of doing so, though it should be noted that participants are not expected to reach this cap often. Most significantly, treating unearned and earned income equally for premium calculation purposes would reduce the tendency of participants to "park" employment earnings below 150% FPL in order to avoid paying a substantial premium. It should be noted that the Department cannot charge premiums to participants under 150% FPL.

Policy Implications

36. While the proposed changes to MAPP will create an additional incentive to work, their impact on overall Medicaid enrollment is expected to be minimal. Because of the importance of health care and long term care coverage to people with disabilities, the recipients who would benefit from the proposal currently spend down to qualify for Medicaid coverage.

Eligibility criteria

37. By allowing participants to have greater income and assets, the proposed MAPP eligibility methodology would increase work incentives, thereby enabling participants to live more independently and in more independent settings. In addition, the Division believes that by requiring work participation, the new methodology could lead to improved health outcomes, as employment has been linked to improved health. [6] By promoting independence and work participation, MAPP may help participants delay or prevent the need for more costly and intensive health care services, such as hospitalization or placement in a nursing home or other residential care facility.

38. It is difficult to predict how the new eligibility criteria will affect enrollment in MAPP. The greater deductions and exemptions would expand the pool of individuals eligible for MAPP, and may result in increased enrollment. However, enrollment increases are expected to be

[6] Hartman. E.C. (n.d.) *A Literature Review on the Relationship between Employment and Health: How this Relationship may Influence Managed Long Term Care*

small, as other states with much higher income limits than MAPP have much lower enrollment. For example, Minnesota has no income limit and enrollment of about 8,000.[7]

39. The implementation of an income verification requirement will provide an incentive for some participants to increase their work participation in order to maintain program eligibility. However, it can be expected that the stronger work requirement would encourage a portion of individuals to leave the MAPP program.

40. MAPP participants with long term care needs would be able to enroll in MA-funded long term care programs, such as Family Care, IRIS, and PACE/Partnership, which have relatively generous eligibility standards. Participants with monthly income at or below the SSI level ($781.78 for an individual) would be able to enter other MA-funded programs as categorically needy recipients. However, those without long term care needs who have incomes above the SSI level would be required to spend down to $592 per month – approximately 65% of poverty level – to be eligible for MA if they are unable to work enough to maintain MAPP eligibility. It should be noted that over 76.9% of MAPP participants receive SSDI benefits above the SSI level.

41. Approximately 25% of MAPP participants are long term care recipients, and 2.5% of single, non-long term care participants have monthly income under the SSI level for an individual. This leaves a pool of 12,600 single MAPP recipients who would potentially have to spend down to become MA eligible if not enrolled in MAPP.[8]

42. Of this "spend-down group" of 12,625 single MAPP participants, 8,404 (66.6%) earned less than $33.33 per month in January 2012 (the average monthly earned income required to have to file self-employment taxes), and 2,765 (21.9%) earned no income.

43. These individuals will have a strong incentive to engage in substantial work activity to maintain eligibility and avoid having to spend down. A large portion of those earning over $33.33 per month are likely to maintain eligibility because they can demonstrate compliance with the work requirement. A smaller portion of those earning from $0 to $33.33 are likely to meet the work requirement. Several thousand members of this group are expected to lose MAPP eligibility and have to spend down to $592 a month to maintain eligibility for MA.

Premium structure

44. The revised premium structure is likely to increase work participation among current participants, particularly those with total income approaching 150% FPL and high levels of unearned income. The Department estimates that approximately 3,000 current MAPP participants have income near the 150% FPL level. The work requirement and simplified premium formula should encourage these individuals to increase work activity and earnings to maintain coverage. If all of these individuals currently near 150% FPL began paying the minimum premium, monthly premiums would increase by an average of $150,000.

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[7] Minnesota Department of Human Services. (2011.) *Medical Assistance for Employed Persons with Disabilities (MA-EPD) Semi-Annual Data Report: January-June 2011.* It should be noted that Minnesota's buy-in program also has age restrictions and a monthly earnings minimum.

[8] These figures are based on the population of single MAPP participants because the data do not include spousal income, therefore making it difficult to compare income to SSI levels for households of two or more.

45. The premium structure would increase the number of participants paying premiums in other ways as well. Applying the proposed changes to the income threshold for premium eligibility would have resulted in 2,245 MAPP participants paying a premium in April 2012. This figure represents a 131% increase in the number of participants paying premiums (from 969). In addition, current SSI 1619(b) recipients, who currently pay no premiums, may be more inclined to enroll in MAPP and begin paying premiums. It is estimated that 500 1619(b) participants would switch to MAPP and begin paying at least the minimum premium.

Implementation

46. The Department would implement the proposal on January 1, 2014, in order to comply with current PPACA maintenance of effort requirements. In addition, this would allow time to educate current participants about the change, and provide training and coordination for income maintenance consortia staff, as well as county employment support workers and benefits specialists.

47. It should be noted that the Department's Medicaid Infrastructure Grant, which is intended to reduce systemic barriers to employment of people with disabilities and is the primary funding source for MAPP, is ending at the end of CY 2012. The Division of Long Term Care is in the process of developing strategies to continue infrastructure support after that time.

48. Total administrative costs for the proposal are expected to be just over $1.9 million over the 2013-15 biennium. These high costs are primarily due to the significant increases in MilES and county IM workload associated with processing work and income verification documents. Total costs are expected to be approximately $1.3 million AF ($650,000 GPR) annually beginning in FY 2015. MilES is estimated to account for $390,000 AF ($156,000 GPR) of total costs. IM costs are anticipated to be lower during FY 2014 because of the implementation date and the grace period for current participants. The Department estimates additional costs of $72,800 AF ($36,400 GPR) to implement CARES changes.

Fiscal Impact

49. The proposed changes to eligibility and the premium structure are expected to have a minimal fiscal impact. The work requirement is expected to result in a 40% drop in MAPP enrollment during the first 6 months of the program. This estimate assumes that the approximately 25% of participants who currently earn no income will leave MAPP for other MA programs. It also takes into account that increasing documentation requirements tends result in a 10-15% drop in program enrollment. It should be noted that none of the individuals who leave MAPP are expected to leave MA entirely.

50. The loss of these participants is not expected to result in decreased premiums, as most of these participants do not pay premiums currently. Most participants who pay premiums currently are earning more than $25 per month and are therefore likely able to meet the proposed work requirement. Only 99 participants who paid premiums in April 2012 earned less than $25 that month.

51. Disenrollment of individuals who would otherwise have to spend down to $592 monthly is estimated to result in increased savings of approximately $3.8 million AF ($1.52 million

GPR) over the 2013-15 biennium. This estimate assumes that 2,000 individuals would leave MAPP over the course of the biennium, after which time they would spend down to qualify for medically needy EBD coverage. Monthly savings are assumed to be $200 per month, the projected average PMPM for dually eligible individuals in the next biennium.

52. The proposed premium structure changes are initially expected to result in a slight decrease in premium collections. However, by the end of FY 14, a net gain of approximately $175,000 in premium collections is expected when compared to the CY 2011 average monthly collection of $201,632. Over the FY 2013-15 biennium, total premium collections are estimated to be approximately $6.05 million, approximately $2.4 million more than under the current formula.

53. These gains are expected because of the anticipated increase in the number of MAPP participants paying a premium. This group is expected to grow significantly during the first six months of implementation, as individuals "parking" their income just below 150% FPL begin increasing their income and SSI 1619(b) participants switch to MAPP. After initial disenrollment, at the beginning of FY 2015, enrollment is assumed to begin growing again at the current rate (0.4% monthly).Though total enrollment is expected to decrease to just under 14,000 by the end of FY 2015, the number of participants paying premiums is expected to grow to almost 8,000 – 56% of total participants.

	Current	FY 15 Under Proposal
Total enrollment	20,866	13,913
Members paying premiums	969	7,808

54. Exempting retirement assets and income earned while in MAPP for MA income eligibility and cost-sharing purposes is expected to have limited fiscal impact. If 5% of the 70 individuals with assets in independence accounts retire in the 2013-15 biennium and are able to enter other programs without spending down those assets, Medicaid could be expected to incur those costs. Assuming an average IA balance of $4,321, costs are estimated to be $17,300 AF ($6,900) over the biennium). FY 2015 costs are expected to be higher due to the January 2014 implementation date and anticipated delays in retirements (waiting for the end of MOE restrictions.)

55. The table below shows the combined fiscal impact of the proposed eligibility, premium and retirement amount changes. Administrative costs include MilES and county IM costs, as well as costs for CARES changes. Though the proposal is expected to result in a net GPR cost in FY 2014, net savings are expected in FY 2015. Over the course of the biennium, premium and eligibility changes are expected to result in net savings of $4,075,800 AF ($1,437,000 GPR). No new positions are requested.

	Estimated Savings								
	FY 14			FY 15			Biennium		
	GPR	FED	AF	GPR	FED	AF	GPR	FED	AF
Benefits Savings	($256,800)	($385,200)	$ (642,000)	($2,234,400)	($3,351,700)	$ (5,586,100)	($2,491,200)	($3,736,900)	$ (6,228,100)
Costs	$345,200	$ 359,600	$ 704,800	$709,000	$738,500	$ 1,447,500	$1,054,200	$ 1,098,100	$ 2,152,300
Net Cost (Savings)	*$88,400*	*($25,600)*	*$62,800*	*($1,525,400)*	*($2,613,200)*	*($4,138,600)*	*($1,437,000)*	*($2,638,800)*	*$ (4,075,800)*

Recommendation

Note: Recommendation would be effective January 1, 2014

1. Request statutory changes to make one or more of the following changes to the methodology for determining eligibility and premiums in the MAPP program:

    a. Eliminate the distinction between earned and unearned income in the income eligibility calculation;
    b. Require work verification, including documentation of tax payment or withholding from earned income;
    c. Disregard up to $500 of medical/remedial expenses and long term care expenses per month.
    d. Establish a premium of 3% of earned and unearned income for participants with gross monthly income at or above 150% FPL, with the minimum monthly premium equal to $50;
    e. Compare individual income to 150% FPL for an individual to determine premium eligibility;
    f. Eliminate the distinction between earned and unearned income in the premium calculation.

2. Request statutory changes to exempt retirement assets and income accumulated while employed and enrolled in MAPP for MA eligibility and cost-sharing purposes, subject to federal approval.

For recommendations 1 and 2 combined, request an increase of $72,700 GPR and $175,300 PRO and a decrease of ($77,200) FED in FY 14 and an increase of $2,252,700 PRO and a decrease of ($1,553,200) GPR and ($2,719,900) FED in FY 15.

	Biennial Change to Base Funding
GPR	($1,480,500)
FED	($2,797,100)
PR/PRS	$2,428,000
SEG	
TOTAL	($1,849,600)