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Re: **Proposed MAPP Changes**

From: **Disability Rights Wisconsin**
Contact: Barbara Beckert, 414-719-1034, barbara.beckert@drwi.org
Lisa Pugh, 608-267-0214, Lisa.Pugh@drwi.org

The Governor's proposed budget for 2013-2015 contains two significant changes to the Medical Assistance Purchase Plan (MAPP). Because Disability Rights Wisconsin (DRW) has considerable experience working with individuals enrolled in the MAPP program through our work as Program Attorneys to the Disability Benefit Specialist Program and our direct experiences working with individuals through our Medicare Part D Prescription Helpline and our SSI Managed Care External Advocacy Project, we believe we can offer an informed and unique perspective on the impact of these proposed changes.

DRW applauds the proposed changes to the way unearned income is counted because we believe it will help people with disabilities transition into and remain in the workplace. This should provide an effective work incentive and we strongly support the proposed changes which will benefit many people with disabilities who have faced barriers to employment because of the extremely high MAPP premiums. It will allow many people with disabilities to earn more income without the risk of losing their Medicaid coverage.

However, DRW is very concerned about the budget provisions which change the work requirement because we believe that it will have the unintended consequence of increasing medical costs to the counties and taxpayers. We also believe that contrary to the goals of MAPP, the work requirement change will make it less likely that thousands of people with disabilities will be able to transition into the workplace.

The proposed changes to how unearned income is counted will help people with disabilities transition into and remain in the workplace:

The goal of the MAPP program is to provide people with disabilities an opportunity to overcome barriers to employment while maintaining access to health care services. Current MAPP rules have three primary eligibility requirements: (1) a disability determination; (2) income 250% of FPL and countable assets below $15,000; and (3) a work requirement. MAPP is premium free if the person has gross income below 150% of FPL. Currently, due to the way that premium calculation rules weigh unearned income versus earned income, people who receive relatively high Social Security Disability Insurance (SSDI) checks often have prohibitively high premiums.

The Governor's budget proposes that the MAPP program eliminate the distinction between earned and unearned income for the purposed of income eligibility and premium calculations. This change would have a positive impact on anyone with unearned income, such as SSDI, that is above the 150% FPL test for premium free MAPP. We believe this is a strong work incentive and will benefit people with disabilities who have faced barriers to employment because of their extremely high MAPP premiums. We have attached some examples of individuals with disabilities who would benefit from these changes.

The proposed changes to the work requirement will increase costs to the counties and taxpayers and will reduce access to healthcare for people with disabilities. Eliminating in-kind employment and other informal work arrangements from the continuum of employment opportunities, will ultimately decrease opportunities for people with disabilities to work:

The proposed change of great concern to advocates is the requirement that participants provide proof of employment that withholds state and federal taxes. Under current rules, individuals are able to meet the work requirement by performing in-kind employment or other arrangements that do not require that person actually receive a formal pay check. The elimination of informal employment arrangements will result in many of Wisconsin's most vulnerable citizens being moved off of the MAPP program.

According to the Fiscal Bureau's analysis, DHS estimates that the proposed MAPP changes will reduce enrollees from 22,200 to 13,300 in 2014 and then to 13,900 in June 2015. LFB Summary of Governor's Budget Recommendations. That is a drop of approximately 9,000 people with disabilities (all program participants have a disability, as even individuals over 65 must obtain a disability determination in order to be eligible for MAPP). In response to the drop in enrollment in MAPP, the Fiscal Bureau's report states on page 233 that "[t]he administration expects all enrollees who disenroll from the MAPP program due to these changes would be eligible for other MA benefits."

In our experience working with this population, MAPP is typically the only Medicaid program that is a realistic option. The typical MAPP recipient is someone who has been found disabled by the Social Security Administration, is receiving SSDI and is over income for Supplemental Security Income, which does provide automatic eligibility for Medicaid. While it is true that people on SSDI with assets below $2,000 for an individual and $3,000 for a couple can qualify for the Medically Needy Medicaid Program (the Deductible Program) most people on SSDI would have Medicaid deductibles that are too high for Medicaid eligibility to kick in.

Medicaid deductibles are computed by taking the applicant's income from all sources and subtracting a $20 disregard and the $591.67 Medicaid income limit. The remainder is multiplied by 6 (for the six month deductible period), which is the amount of medical expenses the individual must incur before Medicaid starts paying. If the applicant is married it is even worse because the spouse's income is included, but the income limit is still $591.67. Staff of DRW's SSI External Advocacy Project calculated deductible amounts for the MAPP recipients they worked with in 2012. They found that deductibles ranged from $530 to $14,486 for the six month deductible period. The average 6-month deductible amount was $2,832.

Meeting a $2,832 deductible ($5,664 for a year) is not realistic for someone whose SSDI benefit is higher than $958/month, which places them over 100% FPL (not eligible for BadgerCare). After accruing medical expenses to meet a deductible, an individual would have only $611/month to cover all of their other living expenses. According to the DHS 2013-15 Biennial budget Issue Paper, almost 70% of MAPP recipients have income higher than 100% FPL. Therefore, a significant number of those who would lose MAPP under the proposed changes would not be financially able to meet a Medicaid deductible unless the income limits for the Medicaid Deductible Program are raised significantly (income limits for the Medicaid Deductible program have not changed in decades).

It is true that most of the people currently enrolled in MAPP are also eligible for Medicare because they have been receiving SSDI benefits for at least two years. Unfortunately, those who would lose MAPP eligibility under the proposed changes would not be eligible to purchase affordable insurance in the Federal Health Care Exchanges because Medicare eligibles cannot buy subsidized coverage in the exchange. Medicare Part D drug costs will also go up because without MAPP, most of these individuals will lose their Medicare Part D subsidies. (Individuals with full benefit Medicaid such as MAPP automatically qualify for a full subsidy. Otherwise they would be subject to a 150% FPL test for partial subsidy and 135% for full subsidy). In addition to increased Part D prescription drug costs, these individuals will also be responsible for deductible and co-insurance expenses under Medicare Parts A and B.

There will be additional implications for those MAPP recipients who lose Medicaid eligibility and who are also enrolled in county community mental health services. MAPP eligibility is currently the Medicaid tier that many county residents qualify under who are involved in county intensive mental health programs [Community Support Program (CSP), Comprehensive Community Services Program (CCS), and Crisis]. If participants in these programs lose Medicaid eligibility, counties will no longer be able to draw down the federal Medicaid revenue (loss of the 60% Federal match). It is likely that these individuals will lose access to these services, as counties may not have the funding to pick up the additional expense due to loss of Federal revenue. This could result in loss of access to medication, case management, peer support, and other wraparound services. When these supports are lost, the result will likely be a decline in participants' health, quality of life and independence. With the loss of community mental health services, we can expect an increased reliance on costly and traumatizing crisis and inpatient services which counties must pay for and which will also have a significant human cost.

We value Governor Walker's commitment to expanding community based mental health services and his recognition of the barriers counties have faced to investing in community based services. We are concerned that the MAPP employment verification changes will have the unintended consequence of loss of community mental health services for many Wisconsinites and significant loss of Medicaid revenue for county community mental health services. This will limit the ability of counties to expand access to community mental health services, and to implement Governor Walker's vision for an expansion of community mental health services.

The loss of Medicaid eligibility will also impact individuals who are enrolled in Family Care. Some individuals may lose eligibility for Family Care/IRIS, because MAPP has higher asset limits. Those who remain eligible for Family Care are likely to move from Group A (no cost share) to Group B or C and have a cost share. Cost shares can be a significant burden for such low income people and difficulty in paying cost shares could lead to disenrollments from Family Care/IRIS.

We strongly support the original intent of the MAPP program – to provide people with disabilities an opportunity to overcome barriers to employment while maintaining access to health care services. MAPP is a work incentive program. However, given the high rate of unemployment in Wisconsin, and the lack of services to assist people with disabilities in transitioning to competitive employment, in-kind work arrangement continue to play a very important role in the continuum of employment opportunities. In addition, many people with disabilities may require jobs with significant flexibility and accommodations on the part of the employer. They are more likely to require a job that allows them to work at their own pace and set a schedule that is within their physical and mental abilities. Some people may require unscheduled breaks and absences for medical treatment due to their disability. This reinforces the need for additional job development and partnerships with employers.

Informal work arrangements make it possible for people with disabilities to gain work experience and jobs skills that may someday be transferable to competitive work settings. For example, the individual who is doing lawn and garden work for his neighbor in exchange for meals is gaining skills that might later apply toward work at a nursery. The individual who is driving a friend to and from weekly doctor appointments in exchange for payment of her utility bill is testing her ability to maintain a regular schedule and gauging her physical stamina for eventual competitive employment. While these jobs may not be of significant monetary value in the traditional sense, they are certainly of value to the individuals involved and provide valuable services to the community. For the above reasons, we strongly disagree with the proposed change to require that MAPP participants provide proof of withholding of state and federal taxes.

Recommendations

DRW believes that the proposed changes to the way unearned income is counted are consistent with the goals of MAPP because they will increase the likelihood that people with disabilities will be able to transition into and remain in the workplace. We believe these changes provide a significant work incentive and strongly support the proposed changes which will benefit many people with disabilities who have faced barriers to employment because of the extremely high MAPP premiums. However, we are also concerned that the proposed changes to the work requirement will cause many people with disabilities to have less access to health care and lead to poorer health. We believe that this is inconsistent with the goals of MAPP because individuals who are in poorer health are less likely to be able to transition into and remain in the workplace.

For these reasons, DRW recommends that the 2013-2015 Budget:

1. Retain the proposed change to the way unearned income is counted.
2. Eliminate the change to the work requirement or if the work requirement change remains,

If the formal work requirement is included in the state budget, DRW recommends that the legislature:

1. Increase and index the current $592 income limit for the Medicaid Deductible (Medically Needy) Program to the current 100% Federal Poverty Level.
2. Increase work incentive benefit counseling services to provide assistance for individuals developing Health and Employment Counseling Plans (an approved HEC plan is a time-limited way to meet the MAPP work requirement). Increase DVR Services and prioritize access to meet the needs of current MAPP participants seeking to transition from in-kind employment. One option for funding could be increasing Wisconsin's state match to pull down additional federal funds.
3. Accept the Federal Medicaid Expansion to 133% FPL, which would reduce the number of people with disabilities who will lose Medicaid eligibility under the new MAPP rules.

MAPP Premiums: Above and beyond earnings

NB is on SSDI and works part time in the home health care field. He applied for Medicaid through MAPP. His SSDI is $1576 and his monthly gross income is $737. The combined gross income of $2313 is just under the 250% FPL for MAPP and results in a premium. With the current MAPP premium calculation, his premium is $775 per month.

Unearned income:	$1576	
Standard deduction	- 801	
	$775	Portion of Unearned income Paid as premium
Earned Income:	$ 737	
3% of Earned income	x 3%	
	$22.11	Portion of Earned income Paid as premium
Add those portions:	$775.00	
	+ 22.11	
	$797.11	
Round down to nearest $25:	**$775**	

With the proposed changes to the premium calculation, NB would be eligible for the much needed Medicaid and actually realize some income from his hard work.

Unearned Income:	$1576
Earned Income:	+737
Total:	$2313
3% of total	x 3%
	$69.39
Round down to nearest $25 (above $50)	**$50**

Proposed MAPP changes both negative and positive for this consumer:

MA receives SSDI for $1699 per month. She is in the MAPP program now with a $425 monthly premium. She is meeting the work-requirement through in-kind employment. She has MRE's that are reducing her premium to this amount. This is a difficult payment to make but she has no other choice since this is how she is receiving her long term care services. MAPP is providing her Medicaid eligibility so that she can get help through IRIS specifically. MA is looking for full time employment and would like to earn $58,000 per year. However, she will not do so unless she is able to continue to receive assistance with long-term care services.

	$1699	SSDI
-	$813	Standard Living Allowance
-	$334.00	MRE
=	$447.10	Adjusted unearned income

	$0	Estimated gross monthly wages
X	.03%	
=	$0	Adjusted earned income

$447.10 + 40 = $447.10 rounded down to the nearest quarter is $425

Premium for MAPP is $425 per month.

If the proposed changes went through, she would lose MAPP because she is doing in-kind employment. Due to assets, she is not eligible for any of the long term care waivers. If she were to begin working in a job like she wants, here is her premium:

1. Before SSDI ends:

	$1699	SSDI
+	$4833	Wages
=	$6532	Total income
X	.03%	
=	$195.96	

$140.49 rounded down to the nearest quarter is $175.00

2. After SSDI ends:

$4833 x .03% = $144.99, rounds down to $125.00

MA has concern about the MAPP changes unless she can find her dream job before next year, otherwise she will lose her long term care services and have to work hard to spend down the money she worked so hard to save from when she worked full-time in the past if she wants any other type of Medicaid to meet the $2,000 asset limit. If she can find the job she wants, MAPP would make a huge difference for her.

MA is 49 and has MS.

Proposed MAPP changes would benefit this consumer:

AE has SSDI for $1587 per month. She receives long term care services now and is only $544 away from becoming ineligible. Her cost-share is $427 per month and this is a huge burden currently. AE has a background in Human Resources and is ready to return to full time employment and earn $18 per hour. However, her estimated out of pocket costs for her long –term care services is about $60,000+ per year which makes it a disincentive to work and lose long term care services. We discussed MAPP as an option. If she were to enroll in MAPP, it would be very costly for her:

	$1587	SSDI
-	$813	Standard Living Allowance
=	$774	Adjusted unearned income

	$3096	Estimated gross monthly wages
X	.03%	
=	$92.88	Adjusted earned income

$774 + $92.88 = $866.88 rounded down to the nearest quarter is $850.00

<u>Premium for MAPP would be $850.00 per month.</u>

If the proposed changes went through where she would only pay .03% of her total income, her premium would reduce to $125.00 per month before her SSDI ends, and then reduce further to $75.00 when she works off of benefits.

1. Before SSDI ends:

	$1587	SSDI
+	$3096	Wages
=	$4683	Total income
X	.03%	
=	$140.49	

<u>$140.49 rounded down to the nearest quarter is $125.00</u>

2. After SSDI ends:

<u>$3096 x .03% = $92.88, rounds down to $75.00</u>

AE is looking forward to these changes as it will mean the difference between her returning to work full-time or not. Her goal is to work off of cash benefits entirely, but cannot afford her long term care services without assistance from Medicaid (through MAPP).

Note: she is 56 years old with a mental health disability.

Proposed MAPP changes would benefit this consumer:

WP receives a SSDI benefit of $1550. He is eligible for MAPP and works 10 hours a week earning $8.00 and hour. His monthly earned income is $344. WP is married and his combined gross income is $1894 which is below the 150% FPL limit for a household of two, so he does not have a monthly premium for MAPP. WP would like to work more but if he earns more than $44 a month his income would be over the 150% FPL limit and he would have a high monthly MAPP premium because of the amount of his SSDI payment. For example, if WP worked 15 hours a week and earned $8.00 an hour his monthly gross earnings would be $516 and his MAPP premium would be calculated as follows.

	$1550.00	SSDI
-	$ 813.00	Standard Living Allowance
=	$ 737.00	Adjusted unearned income

	$516.00	Estimated gross monthly wages
X	.03	
=	$ 15.48	Adjusted earned income

$737 + $15.48 = $752.48 rounded down to the nearest quarter is $750.00

Monthly premium for MAPP would be $750.00 per month.

With proposed changes to the premium calculation, WP's premium would be reduced from $750 to $25 a month and he would have the freedom to work more hours and earn a higher wage.

	$1550.00	SSDI
+	$ 15.48	Earnings
=	$1565.48	Total income
X	.03	
=	$ 46.96	

$46.96 rounded down to the nearest quarter is $25.00

Note: WP is 52 with a spinal cord injury

Proposed MAPP changes would benefit this consumer:

SD has SSDI for $1370 per month. She receives long-term care services now and is only $780 away from becoming ineligible. At this point, she does not have a cost-share, but if she returns to work, most likely her income would cause her to have a cost-share. She is looking to work and earn about $774 per month. We discussed MAPP as an option. If she were to enroll in MAPP, it would be very costly for her:

	$1370	SSDI
-	$813	Standard Living Allowance
=	$557	Adjusted unearned income
	$774	Estimated gross monthly wages
X	.03%	
=	$23.22	Adjusted earned income

$557 + $23.22 = $580.22 rounded down to the nearest quarter is $575.00.

Premium for MAPP would be $575.00 per month.

If the proposed changes went through where she would only pay .03% of her total income, her premium would reduce to $50.00 per month.

	$1370	SSDI
+	$ 774	Wages
=	$2144	Total income
X	.03%	
=	$64.32	

$64.32 rounded down to the nearest quarter is $50.00