

Joint Finance Committee Testimony on Medical Assistance Purchase Plan (MAPP)
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Members of the Joint Finance Committee: thank you for the opportunity to provide testimony on Medicaid issues in the Governor's budget that are critical to people with disabilities in Wisconsin. The first issue I will address is a provision in the Governor's budget which makes changes to the Medical Assistance Purchase Plan, also known as MAPP. MAPP is a Work Incentive program for people on Social Security Disability benefits or SSDI. People with disabilities want to work and can work with the right amount of supports. MAPP is one of those supports. MAPP allows SSDI recipients who are working to be eligible for Medicaid at higher income limits than the Elderly, Blind and Disabled Medicaid program. For many, it is the only way they can become eligible for Medicaid. And with Medicaid to fully cover the costs of health care, many people with disabilities become better able to do some type of meaningful work.

DRW applauds the provision in the budget bill that changes the way UNEARNED income such as SSDI is counted in MAPP; making it easier to be found financially eligible and reducing the amount people will have to pay in premiums. We support this change as it will make MAPP affordable for many people with low earned income, but relatively high SSDI benefits. For example, if a person's SSDI is \$1500 and he is earning \$1846, he is at the top range of income to be eligible for MAPP (under 250% FPL). Currently, this person's MAPP premium would be \$755.00. With the change proposed in the budget bill for calculating premiums, his premium would only be \$100.00. Many recipients who could qualify for MAPP have chosen not to do so because of the prohibitively high MAPP premiums. This change is a strong work incentive, which is worthy of passage.

Work, whether it is part-time at McDonalds for a paycheck, a few hours a month at a family run small business for cash, or in-kind work babysitting for a family member so she can work or go to school, is vital to people with disabilities; providing them with a sense of contributing to their community and the local economy, building self-esteem and, perhaps, expanding their stamina and limits.

We have concerns about the provision in the budget bill related employment verification in the MAPP program. This change would require documentation that the MAPP applicant is paying, or having withheld, taxes on earned income. Informal employment arrangements allow many people with disabilities to work who wouldn't otherwise be able to find employment. It allows employers to be flexible in who they hire and how they compensate workers. Requiring tax withholdings will serve to discourage workers and employers alike from trying out informal employment arrangements, some of which could lead to competitive employment.

DRW has represented many low income people, with significant disabilities, who have found a variety of jobs, some that pay regular wages with payroll deductions for taxes and others who have not been so fortunate, but have found informal jobs with friends and relatives who pay them in kind wages, such as meals and bus tickets. Here are the stories of a few of our clients who would lose their Medicaid

through these informal work arrangements, if the MAPP income verification provision in the budget bill becomes law:

Ms. K is a woman with severe mental illness, including depression and a personality disorder. On her good days, she is charming, well-spoken, interested in many issues of the day. On a bad day, she is so paralyzed by her depression that she cannot move. Her dream is to return to the work force. All people, no matter how significant their disability, should be able to work in competitive integrated employment, but the reality is that currently, the infrastructure to support them is not there. Until that day, Ms. K has been able to work at a local non-profit agency. They can't afford to pay her, but they provide her lunch each day she is able to come in. They are happy to see her as often as her health allows, and are understanding and flexible enough that they won't "fire" her if she is unable to work for a week or two. Her in-kind work is vital to her recovery, gives her experience to add to a resume in the future and allows her access to Medicaid. With Medicaid, she doesn't have to worry about incurring medical debt. It's a win/win for her and for the agency for which she works.

Mr. B helps to unload a truck once a week and the owner of this business pays him \$25.00 in cash per month. His boss has told me that if MAPP employment is changed to require taxes be withheld, she will no longer be able to keep Mr. B employed. According to the small business owner, the financial burden of paying an accountant to compute taxes, cutting a paycheck with those taxes withheld, and sending those taxes to the IRS, is just too much, she will have to let him go. Mr. B will lose not just Medicaid, he will lose a social outlet, an activity that makes him feel he is still useful, rather than useless; he loses a chance to give back to his community.

Mrs. R is medically and financially frail. She also has a cognitive disability. Her \$1150 monthly SSDI check barely covers her mortgage, property taxes and food. She babysits for her 9 year old granddaughter two nights a week, while her daughter goes to school. In exchange, her daughter pays her gas and electric bill. Mrs. R's daughter could pay her \$100 per month, and she would pay the bill herself, but due to her cognitive disability, it would be very difficult for her to comply with the tax payment requirement. Most people on SSDI don't file taxes and many would not know how to compute and pay income, FICA and Medicare taxes. For many people working in informal employment arrangements such as this, the tax withholding provision in the budget bill will be a barrier to maintaining their MAPP eligibility.

According to the Legislative Fiscal Bureau's analysis, DHS estimates that this change would result in the loss of Medicaid benefits to 9000 people with disabilities. The Fiscal Bureau's report states that "The administration expects all enrollees who disenroll from the MAPP program due to these changes would be eligible for other Medicaid benefits." So let's look at what these other Medicaid programs might be:

1. The BadgerCare Expansion will allow childless adults under 100% FPL to enroll in BadgerCare. 100% of FPL is \$957.50. However, the average SSDI benefit is \$1132. So BadgerCare expansion will not provide a means to Medicaid eligibility for well over half the SSDI recipients who lose MAPP eligibility due to these changes.

2. The Medicaid Deductible program, allows a person whose income is over the Medicaid income limit to “spend down” their income by incurring medical expenses in a six month period. The “spend down” amount is calculated by subtracting the Medicaid income limit of \$591.67 minus a \$20 Medicaid Disregard from the applicant and/or spouse’s total income and multiplying by six. (An individual is certified for the Medicaid deductible program only for six months at a time.) For a person getting the “average” SSDI amount of \$1132 a month, the deductible would be \$3122 every six months. This person will have to pay \$3122 every six months or incur medical expenses up to that amount, for which they will be billed. This will require many medical appointments. And if it takes four months to incur that amount of medical expenses, this person will only get two months of Medicaid in that six month period. Then another deductible of \$3122 will have to be paid in the next six months. This cost is prohibitive for many people on fixed incomes.
3. Some recipients who lose MAPP will qualify for Medicaid through Family Care. However, in order to qualify for Family Care they must meet a certain functional level, determined by a screen. Not every person with a disability will pass the functional screen.

People, who have been on SSDI for two years, will qualify for the federal Medicare program. In addition, under current law, many people also get Medicaid through programs such as MAPP, which pay the Medicare out of pocket costs, such as deductibles and co-payments. In addition, Medicare recipients with Medicaid are automatically eligible for Medicare Part D (the Medicare prescription drug benefit) subsidies, which pay for the Part D premiums. Without MAPP, these people will **no longer be able to afford their medications because they will no longer qualify for the subsidy which is granted to people who are Medicaid.** People who lose eligibility for the MAPP program will be responsible for these high Medicare costs, which are unaffordable for many low income individuals. **In addition, a person who is eligible for Medicare will not be able to purchase insurance through the Federal Health Care Exchange.**

In conclusion DRW respectfully requests the legislature to:

- **Look for a solution that does not make it cost-prohibitive for current MAPP participants to maintain their health care coverage.**
- **Ensure that all MAPP participants who will lose MAPP eligibility under this proposal retain coverage through other Medicaid programs**
- **Increase access to and funding for Health Education Counseling (HEC).**
- **Adopt Employment First policies across agencies that prioritize and improve employment supports. Given the inconsistency of supports currently available statewide for individuals with disabilities seeking paid, part time, flexible, work at the minimum wage or higher, retain in-kind work as an option.**
- **Look for an alternative to eliminating in-kind work, an alternative that measures in-kind work in terms of job skills, job development, and value to the individual and the employer and retain the ability of people to engage in informal jobs that will lead to formal jobs.**