



ANDRÉ JACQUE

STATE REPRESENTATIVE • 2nd ASSEMBLY DISTRICT

(608) 266-9870
Fax: (608) 282-3602
Toll-Free: (888) 534-0002
Rep.Jacque@legis.wi.gov

P.O. Box 8952
Madison, WI 53708-8952

TO: Members of the Assembly Committee on Public Benefit Reform
FROM: Representative André Jacque
DATE: November 10, 2015
RE: Assembly Bill 414

Chairman Born and Committee Members,

Thank you for the opportunity to testify before you today as the author of Assembly Bill 414, in support of improving work supports and incentives for individuals with disabilities through the MAPP program. I am especially pleased that a bi-partisan majority of this committee, four Republicans and four Democrats, have signed on as co-sponsors, including the Chairman, who has scheduled this prompt hearing. I know that everyone on the committee shares our goal to assist individuals with disabilities to find and sustain work opportunities in our communities, to which they contribute so much.

AB 414 is the result of months of discussions with a broad spectrum of stakeholders, and several will be testifying today on the need for this legislation. Wisconsin's Medical Assistance Purchase Plan (MAPP) has not been updated for many years, and is in great need of reform to ensure the program remains an important and relevant part of Wisconsin's work incentives for disabled individuals. The MAPP program is not currently functioning as a work incentive program the way it was intended, but with the changes proposed in this bill, MAPP can become a more valuable and sustainable tool in Wisconsin's efforts to improve employment outcomes for people with disabilities.

In keeping with a work incentive program, AB 414 will require participants to pay a small minimum monthly premium and will also offer more equitable results in determinations of income, including elimination of the marriage penalty and removing disincentives for retirement savings. Unfortunately, the current MAPP program presents disincentives for long term employment or getting married, and penalizes individuals for out of pocket medical costs. The current premium structure threatens to spike for those using the program as intended and seeking to expand their earning potential.

Specific proposed changes include:

- Instituting a minimum \$25 premium for all participants who are under 150% of the federal poverty level. Stakeholders have indicated that charging everyone at least a minimum premium establishes a fairer premium structure for all and research indicates that charging a premium is particularly helpful in offsetting the cost of the Medicaid buy-in program.
- Treating earned and unearned income the same in regards to eligibility and premium calculations. Subsequent to introduction, the drafter learned of a small oversight in the language that will need to be tweaked prior to passage.
- Determining eligibility on the basis of the individual participant's income and assets, rather than assessing a penalty for married individuals.
- For participants with adjusted income above 250% FPL, deduct all medical, remedial and long term care expenses from income to determine eligibility.

- Give participants the ability to contribute to their independence/retirement accounts without risking the loss of eligibility in other Medicaid programs once they can no longer work or they retire.

Under the bill, an individual's net income is determined by subtracting the same disregards as under current law from the individual's total earned and unearned income alone, then the individual's out-of-pocket medical and remedial expenses and long-term care costs, if any, are deducted. If an individual whose income is equal to or greater than 250 percent of the poverty line satisfies all of the other eligibility requirements, he or she is eligible for MAPP if DHS determines that his or her earnings are insufficient to replace all of the publicly funded benefits that he or she would be eligible to receive in the absence of those earnings. 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.

An individual whose total earned and unearned income is at least 150 percent of the poverty line for an individual is required to pay an monthly premium equal to 3 percent of the individual's total earned and unearned income, after deducting the same specified amounts that are deducted under current law from and individual's unearned income, with a minimum premium payment of \$25. An individual whose total earned and unearned income is less than 150 percent of the poverty line for an individual is required to pay a monthly premium of \$25.

The bill requires DHS to exclude, to the extent approved by the federal government, amounts in an independence account and assets and income from retirement benefits that accumulated or were earned through employment income or employer contributions while an individual was employed and receiving MA coverage under MAPP when DHS determines the individual's eligibility or cost-sharing requirements under any of those MA or long-term care programs.

While I understand that DHS has put together and fiscal estimate that indicates substantial costs, I encourage you to read the attached memo from the Governor's Committee for People with Disabilities (GCPD) which I believe effectively challenges or rebuts the assumptions used by DHS in preparing its report. I do appreciate the ability to dialogue with DHS during the development of this legislation, and I understand that they will be testifying for informational purposes today. I am confident that working together, we will be able to move forward a reform of the MAPP program from this committee this session in some form that will substantially help those who need it. I thank you in advance for your efforts, and thank you for your consideration of AB 414.

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Governor's Committee for People with Disabilities (GCPD) Chairperson Nancy Leipzig:

"This proposal marks one of the first Medicaid buy-in programs to deal with the issue of retirement in a way that supports instead of penalizing long-term employment. I applaud the efforts and look forward to its passing and becoming an example for other states."

WI Council on Physical Disabilities Chairperson Benjamin Barrett:

"This bill will have an enormous effect on the ability of people with disabilities to work, creating a bridge to the Governor's initiative for A Better Bottom Line."

Executive Director Beth Swedeen of the Wisconsin Board for People with Developmental Disabilities:

"We strongly support the improvements to the work-incentive program for people with disabilities outlined in the bill, and see this proposal as a positive step in the right direction. MAPP is an important program that helps people with disabilities work, save some of their paychecks, and put away for retirement, all while maintaining access to the healthcare they need in order to work."



1 WEST WILSON ST, ROOM 527
P O BOX 7851
MADISON WI 53707-7851

State of Wisconsin
Governor's Committee for People with Disabilities

Voice: 608-261-7816
TTY: 608-267-9880
Fax: 608-266-5629

Proposed Changes to Increase Work Incentives Available through the Medicaid Purchase Plan Wisconsin's Medicaid Buy-In

**Prepared by
Governor's Committee for People with Disabilities
March 2015**

The Governor's Committee for People with Disabilities (GCPD) is proposing changes to the Medicaid Purchase Plan (MAPP), Wisconsin's Medicaid buy-in to increase work incentives that are similar to what Governor Scott Walker proposed in the 2013-2015 biennial budget. The following are the proposed changes:

- Institute a minimum \$25 premium for all participants who are under 150% of the federal poverty level (FPL), and a \$50 minimum premium for everyone over 150% FPL based on premium calculations.
- Treat earned and unearned income the same in regards to eligibility and premium calculations.
- Determine eligibility on the basis of the individual participant's income and assets.
- Recognize in-kind work as a form of self-employment, formalize reporting of the number of hours worked and the value of those hours, require reporting annually, and require the Department of Health Services to prepare an annual report summarizing at a minimum the hours worked and earnings generated from employment.
- For participants with adjusted income above 250% FPL, deduct all medical, remedial and long term care expenses from income to determine eligibility.
- Give participants the ability to contribute to their independence/retirement accounts without risking the loss of eligibility in other Medicaid programs once they can no longer work or they retire.

Determining the Fiscal Impact of MAPP on other Medicaid and Long-Term Care Spending

GCPD has found through our research, that in the 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 the working disabled on a sliding scale based on income for individuals who are under 150% of the federal poverty level.

In addition, under the Medicaid Premium Rules if a state does require the working disabled to pay premiums, the state may terminate a participant for failure to pay. However, the state may not terminate medically needy beneficiaries for failure to pay. (Source: Medicaid and CHIP Learning Collaborative, Overview of Medicaid Cost Sharing and Premium Requirements-Coverage and Learning Collaborative, draft November 25, 2014)

GCPD believes that charging everyone at least a minimum premium establishes a fairer premium structure for all and our research indicates that charging a premium is one way to help offset the cost of the Medicaid buy-in program.

This is supported in the Department of Health Services 2013-2015 Biennial Budget Issue Paper, August 13, 2012, which indicated, that if a proposed \$50 minimum premium, proposed by the Division Long-Term Care as part of a proposed premium calculation methodology had been applied to MAPP participants in April 2012, "2,245 participants would have paid a premium. 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. The Division estimates that 500 1619(b) participants would switch to MAPP and begin paying at least the minimum premium, to take advantage of the ability to save more than \$2000 in independence accounts.

Further, DHS estimated in their analysis that the "proposed changes to eligibility and the premium structure are expected to have a minimal fiscal impact. This estimate assumes that only a small portion of participants who are not currently paying a premium will leave MAPP for other MA programs. Again, it should be noted that none of the individuals who leave MAPP are expected to leave MA entirely."

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

This is further supported by the Medicaid Purchase Plan Evaluation 2011 Annual Report prepared for the Office of Independence and Employment, Wisconsin Department of Health Services, April 2012 by HRG Consulting Inc. noted "that even without premiums, enrollment data support the hypothesis that MAPP is a budget neutral program. The evaluation indicated that enrollment data consistently show that a majority of MAPP participants—nearly 90%—move between regular Medicaid and MAPP at some point(s)."

They go on to indicate that: “Given that this large majority of participants will likely receive MA one way or another, their participation in MAPP does not ultimately place an additional, overwhelming financial burden on the State.”

Proposed 2015-17 Income Generated from Premium

Source: Wisconsin Department of Health Services Fiscal Analysis (April 2012)

% FPL	Number of Participants	Number Paying a Premium
Below 100%	6,985	0
100-150%	14,108	0
Above 150%	2,023	996
Total	23,115	996

Based on the above enrollment GCPD estimates that the:

- \$25 minimum premium paid by 21,093 who were enrolled at the time of this estimate earning below 150% of poverty would have generated \$6,327,900. And the
- \$50 minimum premium paid by 2023 individuals enrolled at the time of this estimate earning above 150% would have generated \$1,213,800.

For a total estimated increase in 2015-2017 program revenue of \$7,541,700, more than enough to cover the departments estimated \$3,400,000 loss in cost share, identified later in this analysis.

In addition, GCPD anticipates increases in the number of participants earning above SGA and paying a premium. This group is expected to grow significantly during the first six months of implementation, as up to 500 individuals “parking” their income just below 150% FPL begin increasing their income and SSI 1619(b) participants switch to MAPP to take advantage of the savings available through the Independence accounts. DHS estimated in their analysis of Governor Walker’s proposal in the 2013-2015 biennial budget, “that after initial disenrollment, at the beginning of FY 2016, enrollment is assumed to begin growing again at the current rate (0.4% monthly). Though total enrollment is expected to decrease with implementation of a minimum \$25 premium for those under 150% FPL and a minimum \$50 premium for those at or above 150%”

	Current	FY 16 Under Proposal
Total enrollment	23,119	23, 619
Members paying premiums	969	23,619

Recognize In-Kind Work as a Form of Self-Employment and Formalize Reporting of the Number of Hours Worked, the Value of Those Hours and Require Reporting Regularly to the Department of Health Services

DHS indicates that the proposal to retain “in-kind” work would mean a loss of cost share as long-term care recipients in waiver programs switch to MAPP, since premium payment would be less than current cost share:

- Loss \$815 per person per month for the 384 people, with cost share loss of \$3.4 million all funds annually.
- Not part of Governor’s budget proposal in 2013.

GCPD believes that the premium increase of an estimated \$7,541,700 will offset the \$3,400,000 annual cost share loss as identified by the increasing program premium revenue calculated above.

Formalize and Strengthen Verification of Employment for In-Kind Work

GCPD recommends strengthening and formalizing the verification process by requiring the recording of the hours of work and value of in-work be documented on the currently approved county/consortia form on the six month and annual review of the individuals plan. Further, that the county/consortia be required to report annually on the number of individuals working in-kind, the number of hours worked and value of that work. In addition, that the DHS be required to collect and report annually on the number of individuals working using the employee FICA data reported by employers, along with the self-employment data, which at a minimum will collect the number of hours worked and value of that work, as part of an annual evaluation of the Medicaid buy-in.

Additional background information on verification

1. According to Mathematica Policy Research (MPR) Evaluation of State Medicaid Buy-In Programs in Appendix B there were 14 states (Alaska, Iowa, Louisiana, Maine, Michigan, Missouri, Nebraska, New Jersey, New York, North Dakota, Oregon, Pennsylvania, West Virginia and Wyoming) providing Medicaid buy-in that have requirements for employment, but do not indicate how they verify that individuals are working. As of 2011 Pennsylvania (35,946) and Massachusetts (31,150) had higher enrollments than Wisconsin (20,500).
2. Research further indicates that there are 12 other states who do not have a strict verification process, which have significantly less enrollment than Wisconsin (20,500): Iowa 17,788, Michigan 12,223, New York 11,481, New Jersey 6295, Louisiana 3119, North Dakota 662, Oregon 1827, Maine 1374, Alaska 444, Wyoming 288, Nebraska 0, West Virginia 0.
(Source: Mathematica Policy Research (MPR) in Appendix B of their 2012 Evaluation of State Medicaid buy-in Programs.)

Eliminating the Spouse's Income and Assets at time of eligibility determination

DHS estimates that by eliminating the spouse's income and assets at time of eligibility determination would add 5000 new people at \$600 per member per month for a total cost of \$37.5 million all funds.

Research has identified that MAPP Participants Actually Save Medicaid Dollars

Background: In the research that GCPD has reviewed, researchers identified two examples of how participants actually save Medicaid dollars in the Medicaid Purchase Plan Evaluation 2011 Annual Report prepared for the Office of Independence and Employment, Wisconsin Department of Health Services, April 2012 by HRG Consulting Inc.

First on page 43 of the 2011 annual report researchers using 2007 cost utilization and expenditure analysis compared the service usage and cost of MAPP participants to a comparable group enrolled in regular Medicaid.

The Medicaid expenditure and utilization by MAPP participants was compared to those of a group matched on several variables. The comparison was comprised of Medicaid enrollees who were matched to the MAPP group on age, gender, Medicare participation, geographic area, and Medicaid eligibility status group. "Compared to this group, the MAPP participants had \$50—\$100 lower over-all average expenditures per member per month (PMPM). ..."

- Applying the \$50 per month per member to the 5000 individuals anticipated to be enrolled provides an estimated savings of \$3 million annually based on the \$50 per member per month they identified or \$6 million dollars annually at \$100 per month per member savings.
- This would potentially reduce the DHS monthly estimate of \$600 per member per month new program cost of all funds from \$37,500,000 to an estimated cost of \$34,500,000 using the estimated \$3 million annual savings at \$50 per member per month, or
- Using the \$6 million savings at \$100 per member per month \$31,500,000 all funds.

While this does not negate the negative impact of adding 5000 new members, additional analysis provided in the report indicates that MAPP participants who are working and paying a premium costs less per member per month than their counterparts who are not working.. HRG Consulting further analysis indicates on page 43 that "Medicaid only participants may have spent \$500 to \$1000 more PMPM....."

- Utilizing the new estimates of savings generated by participants of the Medicaid buy-in against the DHS estimate of 600 per member per month costs a new analysis can be estimated based on reducing by \$500 per month per member cost

projected by DHS for 5000 new individuals ($(\$600 \text{ cost} - \$500 \text{ savings} = \$100) \times 12 \text{ months}$) = \$1200 per member per year x 5000 new members = \$6 million all funds.

- While not yet budget neutral the cost to Medicaid has been reduced significantly from the department's estimate of \$37,500,000 to the \$6 million.
- However, utilizing the \$1000 savings MAPP participants generate a \$400 savings per member per month. This indicates that 5000 new members have the potential of saving the department \$400 per month or \$4800 per year per member x 5000 new participants = \$24 million in savings per year.
- Therefore, GCPD has identified that the 5000 new participants have the potential by going to work as MAPP participants of saving the Medicaid budget \$24 million.
- In addition, the proposed premium would require the new 5000 SSDI individuals to pay a premium. GCPD estimates based on SSA that approximately 1450 will have unearned income below 150% FPL and would be paying a \$25 premium per member per month, generating \$300 per year per member in premium x 1450 members = \$435,000 annually in premium
- GCPD estimates, according to SSA that the remaining 3550 of the 5000 individuals are estimated to have unearned income above 150% of poverty thereby requiring them to pay a \$50 premium per month or \$600 per year. This will provide an additional \$600 x 3550 members = \$2,130,000 program revenue per year of the biennium.
- GCPD estimates that the total premium generated by the 5000 new individuals to be \$2,130,000 + \$435,000 = \$2,585,000 program revenue per year of the biennium.

In summary, GCPD research indicates that adding 5000 new individuals on SSDI, who will be required to work, have the potential to save the Medicaid program \$24,000,000.

In addition, these individuals will be paying premiums that will provide new program revenue of an estimated \$2,505,000.

Income and Asset Limits

GCPD review of the Mathematica Policy Research: Enrollment, Employment, and Earnings in the State Medicaid Buy-In Programs 2011 Report has identified that of the 38 states with Medicaid buy-in programs 15 states have eligibility based only on individual income: Arizona, Arkansas, Connecticut, Indiana, Louisiana Michigan, Minnesota, Mississippi New Mexico, New York, Oregon, Pennsylvania, South Carolina, West Virginia, and Wyoming. Only one state, Pennsylvania had more participation in the program from 2001 through 2011.

In addition, 12 states have higher asset limits than Wisconsin: Arizona, Illinois, Louisiana, Kansas, Michigan, Minnesota, New York, Pennsylvania, Utah, Washington, New Hampshire and New Jersey; and six states have no limit on assets. Here again, only one state, Pennsylvania has had more individuals enrolled in their Medicaid buy-in program than Wisconsin.

Findings:

- Only one state with eligibility based only on individual income had greater enrollment than Wisconsin.
- Only one state with higher asset limits than Wisconsin had more individuals enrolled than Wisconsin.

Moreover, GCPD believes that the Social Security Administration definition of disability will be another strong argument against 5000 new individuals on SSDI applying for the Medicaid buy-in as supported by the following research conducted by Boston University:

“Review of studies regarding the Medicaid buy-in program indicated that the MBI programs must contend with a number of barriers to employment that persons with disabilities continue to face. The most challenging is the SSDI “cash cliff” that prevents MBI participants from earning more than the SSA’s Significant Gainful Activity level and losing the associated cash benefits. Encouraging MBI participants to take the “risk” of employment is a difficult task, given the uncertainty of the labor market, the arduous approval process of receiving SSDI cash benefits in the first place, and the strong sense of comfort and certainty that participants associate with the monthly cash benefit...”

This provides a significant argument against 5000 new individuals on SSDI seeking employment through payment of a premium for Medicaid through MAPP.

(Source: Gavin, B & McCoy-Roth, M., Gidugu, V. (2011). Review of studies regarding the Medicaid Buy-In Program. Boston: Boston University, Sargent College, Center for Psychiatric Rehabilitation. <http://www.bu.edu/drrk/research-syntheses/psychiatric-disabilities/medicaid-buy-in/>)

In summary, it does not appear that excluding a spouse’s income and assets will have a significant impact on additional individuals applying for the Medicaid buy-in.

Anticipated savings and income from premium would provide additional resources.

In order to create a real incentive program that will help people go to work GCPD has identified, along with other advocates, that there will need to be an investment in training, technical assistance and quality assurance to establish qualified providers of new forms of alternative models of supported employment services for people with psychiatric in the disabilities, Individual Planning and Supports (IPS) and for people with physical disabilities, Vocational Futures Planning and Support (VFPS). This will require annual support of regional training and technical assistance centers that will be able to train providers of new models and to assure that these models are being provided according to their models of fidelity. It is estimated that this will cost \$900,000 annually for IPS and another \$900,000 annually for VFPS. The use of funding would be to create

regional training centers with the purpose of training, providing technical assistance and assuring quality of the providers. Total request would be \$1.8 million per year on an ongoing basis.

Additional costs anticipated by DHS which were identified in the 2013-15 budget paper prepared by DHS.

The Department states that the changes would require about six months of 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.

DHS indicated that it was the Department's Medicaid Infrastructure Grant, which was intended to reduce systemic barriers to employment of people with disabilities that was the primary funding source for MAPP. This funding ended at the end of CY 2012. The Division's Employment Section was given the GPR resources to continue the work incentive counseling training and technical assistance, Health and Employment Counseling Program and oversight of the MAPP program. However, the operations being suggested for increased verification, premium collection, reporting and evaluation suggests that a full-time position may be needed to oversee the effective administration of the Medicaid buy-in. estimated expense \$80,000 in each year of the biennium for a total of \$160,000.

Exempting independence accounts and individual retirement accounts from employers for other MA programs

In Wisconsin, portability is limited. The Statutes currently allow only elderly, blind and disabled (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."

These assets are not exempt for other groups of Medicaid applicants and recipients. 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.

DHS has identified that the proposal would expand MA coverage for Medicare deductibles, coinsurance and premiums by excluding independence accounts and retirement accounts earned during MAPP eligibility.

- PMPM cost is \$105 for (premium only) to \$140 but few MAPP have independence accounts and retirement savings.
- DHS identified that the proposal expands Family Care and other MA coverage by excluding independence accounts and retirement benefits earned during MAPP eligibility. However, they go on to indicate that due to the small number of people

with independence accounts and retirement earnings currently participating in MAPP, there would be a small fiscal impact.

GCPD supports Governor Walker's recommendation in the 2013-15 biennial budget which proposed state law be modified to apply the asset exemptions enumerated in Wis. Stat. § 49.47(4)(b) to all EBD applicants and recipients, including MAPP participants. It should be noted that this proposal limits exempt retirement assets to those accumulated while in MAPP and other MA programs.

With an improved ability to retain saved earned income, MAPP participants may increase their work participation.

Allowing deductions for out-of-pocket medical and remedial expenses and long-term care costs

DHS has identified that the proposal will expand MAPP eligibility by allowing deductions for out-of-pocket medical and remedial expenses and long-term care costs.

- DHS indicated that it would be difficult to estimate fiscal impact.
- Was in the Governor's recommendation, but capped at \$500.
- GCPD does not believe that this will cause a Significant Impact since the federal government already provides an individualized threshold for individuals on SSI.
- DHS estimated that 500 individuals on SSI 1619 (b) will move to the Medicaid buy-in and pay a premium in order to take advantage of savings in independence accounts.
- GCPD believes that a lack of an individualized threshold, that allows all out-of-pocket deductions for medical and remedial expenses, jeopardizes the transfer of these estimated 500 individuals who depend on the individualized threshold for SSI 1619 (b) eligibility.
- GCPD believes that without an individualized threshold available to SSI 1619 (b) participants in MAPP, they will not be eligible for MAPP, will not be able to transfer, pay a premium and take advantage of saving in independence accounts for their future.

Moreover, the research that the GCPD has reviewed and the first-hand knowledge of its members and members of other statutory Council's, such as the Council on Physical Disabilities has identified that the network of health insurance options is insufficient to meet the needs of many higher-income workers with disabilities who require long-term support services, such as personal care in order to pursue and maintain their employment goals.

While the Affordable Care Act improved access to health care coverage, private long-term care insurance companies are still allowed to discriminate against people with disabilities who have pre-existing conditions and need long-term support services. The Medicaid Buy-In program becomes the only option for people with disabilities who require long-term support services who want to become employed or need to maintain their employment.

The GCPD review of the national research and evaluations of the state Medicaid buy-in programs identified that states that provide substantial benefits for both the beneficiary and public programs, including improved health outcomes:

- Do not put limits on how much income a beneficiary can earn in order to enroll in the program.
- Allow deductions for all out-of-pocket medical and remedial deductions to maintain eligibility for long-term supports that allow Medicaid buy-in participants continued employment.

GCPD found that the study by Mathematica Policy Research, *Use of Medicaid Buy-In Participants with Higher Incomes: A Descriptive Analysis Final Report May 31, 2013* is one of the studies that identified a significant difference from their lower-income peers across many dimensions, including insurance coverage and service use. These findings are noteworthy in that they identified that:

- Higher-income participants were less likely to be enrolled in Medicare than those with lower incomes.
- The Buy-In participants with the highest levels of income were more frequently enrolled in third-party insurance providing third-party access to health care coverage for the Medicaid program.
- Services utilized by high income earners were lower than spending by all Buy-In participants, the majority of who had low incomes. The average PMPM Medicaid expenditures for those with incomes above 250 percent FPL were \$392 PMPM compared with \$814 PMPM among all Buy-In participants.
- These similar findings on health care utilization are also identified in the MAPP 2011 evaluation conducted by HRG Consulting (April 2012) which identified that a similar cohort of Medicaid beneficiaries not on MAPP were using \$500-\$1000 more per member per month.

In summary, when eligibility determination includes the individualized threshold, which allows deduction for all medical/remedial out-of-pocket costs, GCPD's analysis indicates that providing the individualized threshold will provide a substantial savings in Medicaid.

The individualized threshold allows high earning Medicaid buy-in participants who require long-term support services to remain employed and to continue paying taxes. For individuals who are injured on the job and require long-term support services, the individualized threshold provides the opportunity for these individuals from having to quit their job and impoverish themselves in order to qualify for long-term services that allow them to maintain their employment. It also provides an opportunity for those on SSI 1619 (b) to transfer to the Medicaid buy-in, pay a premium and increases their ability to save for the future.

The potential of the individualized threshold is to provide eligibility for wage earners, who must depend on long-term support programs to be employed, to move from individuals who are dependent on SSI/SSDI, Medicaid/Medicare, rent subsidy, food

stamps, etc. to employed taxpayers who are paying their rent, purchasing their own homes, when available using employer-sponsored health insurance plans for their health care coverage, and saving for their futures.

CONCLUSION

The Governor's Committee for People with Disabilities believes that the research and the analysis completed by the MAPP Ad Hoc Workgroup and reported here support the recommendations of Governor Walker to: treat earned and unearned income the same and to give participants the ability to contribute to their independence/retirement accounts and remain eligible for Medicaid programs when they retire or are no longer able to work.

Combined with the GCPD proposed recommendations to: implement a minimum premium for everyone; excluding spouse's income and assets at time of eligibility; recognize in-kind work as a form of self-employment; strengthen verification of employment by requiring documentation at time of eligibility of the hours of work and value of that work; require DHS to report annually; and allow participants with adjusted income above 250% FPL to deduct all medical, remedial and long term care expenses from income to determine eligibility, when adopted will significantly increase the number of individuals with disabilities who will successfully achieve their employment outcomes and become taxpayers.

References:

Source: Managed Care Employment Task Force Report (2007) Recommendations for **Area 12:**
<https://www.dhs.wisconsin.gov/employment-skills/mcetf-finalreport.pdf>

Source: Review of studies regarding the Medicaid Buy in Program:
<http://www.bu.edu/drrk/research-syntheses/psychiatric-disabilities/medicaid-buy-in/>

Suggested Citation: Gavin, B & McCoy-Roth, M., Gidugu, V. (2011). Review of studies regarding the Medicaid Buy-In Program. Boston: Boston University, Sargent College, Center for Psychiatric Rehabilitation. <http://www.bu.edu/drrk/research-syntheses/psychiatric-disabilities/medicaid-buy-in/>

Conducted by McCoy-Roth Strategies, Brigitte Gavin and Marci McCoy-Roth Under contract to The Center for Psychiatric Rehabilitation with support from the National Institute on Disability and Rehabilitation Research.

Source: Medicaid Purchase Plan Evaluation 2011 Annual Report prepared for Office of Independence and Employment, Department of Health Services April 2012
Prepared by: HRG Consulting, Inc.
<https://www.dhs.wisconsin.gov/employment-skills/mapp-evaluationreport-2011.pdf>

Source: Mathematica Policy Research: Enrollment, Employment, and Earnings 2011 in the State Medicaid Buy-In Programs:
<http://www.mathematica-mpr.com/our-publications-and-findings/publications/enrollment-employment-and-earnings-in-the-medicaid-buyin-program-2011>

Source: US Department of Health and Human Services:
<http://aspe.hhs.gov/daltcp/reports/2002/polframe.htm#table2>
Policy Frameworks for Designing Medicaid Buy-In Programs and Related State Work Incentive Initiatives
Allen Jensen
Center for Health Services Research and Policy, School of Public Health and Health Services, George Washington Medical Center
Robert Silverstein
Center for the Study and Advancement of Disability Policy
Donna Folkemer and Tara Straw
National Conference of State Legislatures
May 2002
PDF Version: <http://aspe.hhs.gov/daltcp/reports/2002/polframe.pdf> (67 PDF pages)

Source: SI 02302.050 Individualized Threshold for Calculation
<https://secure.ssa.gov/poms.nsf/lnx/0502302050>
A. INTRODUCTION

The objective of the individualized threshold calculation is to determine if the individual has earnings sufficient to replace all the benefits which he/she would actually receive in the absence of those earnings.

Source: Mathematica Policy Research: Services and Supports that People with Disabilities Need to Stay Employed

May 30, 2013

http://www.mathematica-mpr.com/~media/publications/PDFs/disability/services_supports_needed_employed.pdf

Noelle Denny-Brown

Bonnie O'Day

Stephanie McLeod

Mathematica Policy Research

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Centers for Medicare & Medicaid Services

Division of Community Services Transformation

Disabled and Elderly Health Programs Group

7500 Security Blvd.

Baltimore, MD 21244-1850

Project Officer: Annette Shea

Submitted by:

Mathematica Policy Research

1100 1st Street, NE

12th Floor

Washington, DC 20002-4221

Telephone: (202) 484-9220

Facsimile: (202) 863-1763

Project Director: Valerie Cheh

Source: Mathematica Policy Research: Characteristics and Service Use of Medicaid Buy-In Participants with Higher Incomes: A Descriptive Analysis

<http://www.hcbs.org/hcbs/article/characteristics-and-service-use-medicare-buy-in-participants-higher-incomes-descriptive>

Final Report

May 31, 2013

Denise Hoffman

Kristin Andrews

Valerie Cheh

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Submitted to:

Centers for Medicare & Medicaid Services Disabled and Elderly Health Programs Group

S3-16-04 South Building

7500 Security Boulevard

Baltimore, MD 21244-1850
Project Officer: Annette Shea
Submitted by:
Mathematica Policy Research
1100 1st Street, NE
12th Floor
Washington, DC 20002-4221
Telephone: (202) 484-9220
Facsimile: (202) 863-1763
Project Director: Valerie Cheh

Source: SSA Individualized Threshold

Source: http://www.ssa.gov/oact/ssir/SSI12/III_ProgramDescription.html

Source: Kaiser Foundation Website

An Overview of Actions Taken by State Lawmakers Regarding the Medicaid Expansion
Feb 13, 2015

<http://kff.org/medicaid/fact-sheet/an-overview-of-actions-taken-by-state-lawmakers-regarding-the-medicaid-expansion/>

Source: Families USA website:

<http://familiesusa.org/product/federal-poverty-guidelines>

Federal Poverty Guidelines 2015



State of Wisconsin Council on Physical Disabilities

1 WEST WILSON STREET, ROOM 551
P O BOX 7851
MADISON WI 53707-7851

Voice: 608-267-9582
Fax: 608-267-3203
www.cpd.wisconsin.gov

November 10, 2015

Public Benefit Reform Committee
State Capitol
P.O. Box 8953
Madison, WI 53708

Dear Representative Born and Honorable Committee Members,

I am here today on behalf of the Council on Physical Disabilities (CPD) who strongly and enthusiastically supports passage of Assembly Bill 414. This bill provides critically needed legislation that provides additional work incentives for individuals with disabilities who want to work.

The Council on Physical Disabilities has responsibility for the development of a state plan for people with physical disabilities and to represent the needs of people with physical disabilities by providing advice to the Governor, legislature and state agencies on the needs and problems faced by people with physical disabilities throughout Wisconsin.

The Medicaid Purchase Plan (MAPP) has been in existence for over 20 years, but has been in need of enhancements in order to allow it to offer the full range of work incentives needed by people with disabilities in order to work. MAPP is the state's Medicaid buy-in which allows people with disabilities to work and continue to receive the vital healthcare and long-term supports they require.

The Council is so enthusiastic because Assembly Bill 414 will support the full intent of the Medicaid buy-in program. The critically needed changes to incentivize work for people with physical disabilities that this legislation must support are:

- Treating earned and unearned income the same for premium and eligibility;
- Implementation of a fairer minimum premium of \$25 for everyone;
- Providing deductions for medical, remedial and long-term care expenses from income before determining eligibility; and
- Allowing individuals to retire by disregarding assets in independence accounts and retirement benefit for purposes of determining eligibility and cost-sharing requirements under a number of Medical Assistance and long-term care programs.

In addition, the Council on Physical Disabilities is extremely pleased that Assembly Bill 414 recommends statutory authority eliminating the marriage penalty by excluding a spouse's income and assets for eligibility purposes. Only the income and assets of the applicant should be considered.

For people with physical disabilities access to long-term support services are critical to their ability to work. The long-term support services allow individuals to have the resources to hire an individual to help them get ready for work in the morning, respond to needs during the day for assistance with activities of daily living such as eating a meal or toileting, and in the morning and evening providing assistance that gets them ready

for work and at night to bed and supports them throughout the night. These long-term support services are estimated to cost between \$2000 and \$4000 per month. For people with physical disabilities the legislation provides the critically needed deductions for medical, remedial and long-term care expenses from income when determining eligibility.

The provisions in Assembly Bill 414 having critically needed the last 20 years as work incentives and must be passed to ensure that people with physical disabilities will finally have the opportunity to pursue employment. The Council on Physical Disabilities strongly urges you to pass assembly Bill 414 which provides the legislation necessary to increase the work incentives available through MAPP.

The Council on Physical Disabilities further believes that improving MAPP can lead to a "Better Bottom Line".

- 80% of people with disabilities want to work, but only 18.7% actually have jobs according to Bureau of Labor Statistics, December 2013.
- Unfortunately, the very jobs people with disabilities want sometimes put them at risk for losing the Medicaid health care coverage they need in order to work.
- MAPP promotes people with disabilities in becoming an asset in the workforce, and supports independent living while reducing reliance on public benefits (such as Section 8 Housing Assistance, FoodShare, etc.).

MAPP will complement and align with the Division of Vocational Rehabilitation and other state Department of Workforce Development investments in programs that support increased paid community employment for people with disabilities. The Council on Physical Disabilities strongly urges your immediate support for passage of Assembly Bill 414 to ensure that people with disabilities will have the work incentives that will ensure their access to the health and long-term support they require in order to successfully become employed, maintain that employment and ultimately retire.

Sincerely,

Noah Hershkowitz

On behalf of the members of the Council on Physical Disabilities



1 WEST WILSON ST, ROOM 527
P O BOX 7851
MADISON WI 53707-7851

State of Wisconsin
Governor's Committee for People with Disabilities

Voice: 608-261-7816
TTY: 608-267-9880
Fax: 608-266-5629

November 10, 2015

Public Benefit Reform Committee
State Capitol
P.O. Box 8953
Madison, WI 53708

Dear Representative Born and Committee Members,

I am speaking on behalf of the Governor's Committee for People with Disabilities (GCPD). GCPD strongly and wholeheartedly supports Assembly Bill 414. This bill provides critically needed legislation that allows additional work incentives for individuals with disabilities who want to work.

The Governor's Committee for People with Disabilities consists of approximately 20 members appointed by the Governor of which six members are representatives of the state statutory councils for people with disabilities. GCPD advises the Governor, legislators and state agencies on issues and legislation initiatives to improve employment outcomes for people with disabilities, along with access to affordable healthcare, long-term care, transportation, housing and education.

As many of you are aware, MAPP is the state's Medicaid Purchase Plan which allows people with disabilities to work and continue to receive the vital healthcare they require. MAPP is intended to support people with disabilities who want to work, earn more and save money to foster personal and financial independence without losing access to the Medicaid health and personal care services that enable them to work. The MAPP program has been in existence for over 20 years, but has been in need of enhancements in order to make it a truly effective work incentive tool.

This bill institutes a \$25 premium for all participants under 150% of the federal poverty level (FPL), and a \$50 or more premium for everyone over 150% FPL based on premium calculation, creating a fairer payment for all on MAPP. It treats earned and unearned income the same in regards to premium calculations, allowing individuals on SSDI to be able to work more without sustaining extremely high premiums (examples attached); and if approved by DHS, determines eligibility on the basis of the individual participant's income and assets, eliminating the marriage penalty.

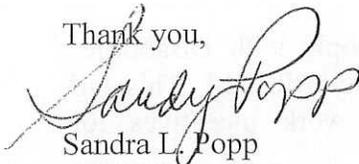
It also allows participants with adjusted income above 250% FPL to deduct all medical, remedial and long term care expenses from income to determine eligibility, and further allows a person to continue on MAPP should their income fall above 250% FPL and their income is not sufficient enough to cover all the publicly funded services that were provided. In addition, it provides participants the ability to contribute to their

independence/retirement accounts without risking penalty in other Medicaid programs once they can no longer work or they retire. AB414 makes enhancements to the current MAPP program that will allow qualified individuals with disabilities to work to their fullest potential, marry, save for their future, and then retire all while maintaining access to necessary healthcare.

GCPD would like to applaud Representative Andre Jacque for introducing AB414 to improve work incentives for people with disabilities through the Medicaid Purchase Plan, MAPP. We would also like to thank all the Representatives who have co-sponsored and/or support the bill.

To the committee, thank you for taking time today to hear testimony on this formidable piece of legislation. AB414 provides the necessary incentives for people with disabilities to become employed, bottom line! And more people working adds to Governor Walker's Better Bottom Line, thus building a better WI not only people with disabilities, but for all. On behalf of GCPD, I would strongly urge the committee to support AB414.

Thank you,



Sandra L. Popp
GCPD Vice-Chair

Making Medicaid Purchase Plan (MAPP) a True Work Incentive

The following cases look at the effect of work under current MAPP rules and under the AB 414 rules.

1. John has a mental health disability and has an SSDI payment of \$1,350/month. He would like to work to help with his monthly expenses and to get back out in the community. To access his mental health support services from the county, he needs to have Medicaid. MAPP seems like a good match for his situation.

He found a very part-time job earning \$300/month. He applies for MAPP and is found eligible. **Under current rules**, his new earnings and SSDI would put his monthly income over 150% Federal Poverty Level and a premium would be calculated. *The monthly MAPP premium will be \$525/month.* John wants to work to help his financial situation, but not if he has to pay more than he earns to maintain his MAPP coverage. If he works the minimal required for MAPP, 1 hour per month, he can continue with MAPP and not pay a premium so that is what he does. **Under AB 414 rules** and the \$300/month job, John would still be eligible for MAPP. *His premium, however, would be the minimum premium due (\$25/month).* John could continue to work at his part-time job, make connections and possibly even explore taking on more hours and responsibility and eventually earn more.

2. Lynn has an offer for a full-time job which is her goal as she is just getting a degree in accounting. Lynn has an SSDI payment of \$1,200/month. Since she has had no work activity since starting her SSDI, she has all 9 of her Trial Work Months left. (Trial Work Months are months that the beneficiary can earn as much as they are able without concern of their SSDI payment ending. It is a time to test their ability to work.) Her new position will pay her \$3,750/month gross. **Under current MAPP eligibility rules**, because she will continue to receive her SSDI for the first 9 months of her employment, *she is found ineligible for MAPP.* Her countable earnings and SSDI are over 250% of the Federal Poverty Level. In order to continue to receive Medicaid Long Term Care services, she must either turn down the position or ask for a lower salary.

Under AB 414 rules, *Lynn would be found eligible for MAPP* and be able to take her accounting position with the full salary. Her premium would be \$100/month. With her 9 months of SSDI payments, she could also be saving this in MAPP independence accounts towards a new vehicle for getting to and from work, or to buy a home and move out of her subsidized apartment.



Wisconsin Coalition of Independent Living Centers

3810 Milwaukee Avenue Madison, WI 53714

608-444-3842 v/text moryan@charter.net

November 10, 2015

Public Benefit Reform Committee
State Capitol
P.O. Box 8953
Madison, WI 53708

Dear Representative Born and Honorable Committee Members:

My name is Kathy Altman and I am the Director of Independent Living Services at IndependenceFirst. I am providing testimony on behalf of the Wisconsin Coalition of Independent Living Centers (WCILC) in support of Assembly Bill 414.

I have been working on return to work issues for people with disabilities for the past 25 years. For the majority of that time, I have been a Work Incentives Benefits Specialist. The role of a Work Incentive Benefits Specialist is to provide information about how working will affect a person's benefits and services. Over the years I have provided benefits counseling to hundreds of individuals and I can tell you from my experience, the greatest fear that people have regarding working is not the loss of their cash benefit but rather losing their health insurance.

MAPP has been a wonderful option for many of these individuals because it was designed to provide individuals who wanted to work with a means to purchase Medicaid. Unfortunately, MAPP has not been an affordable option for the group of individuals who need it the most, people with extensive work histories who qualify for high Social Security Disability Insurance (SSDI) benefits. This is because the current premium calculation is a disincentive to these individuals because the majority of their SSDI payment is taken into consideration when determining their premium. It is not uncommon for an individual to have a monthly MAPP premium of \$700 to \$800. Often, to avoid a costly premium, individuals are forced to limit their work activity to maintain their health insurance.

This has been the case with an individual I know by the name of Phil. Phil receives an SSDI benefit of \$1,454.00 and is eligible for MAPP without a premium. He desperately wants to work but he is limited to earning under \$537 a month to maintain his MAPP coverage, and in turn his long-term care services. If Phil would earn over \$537, he would go from not having a premium for MAPP to a monthly premium of \$600, which is more than he would earn from working.

In situations like Phil's, individuals who receive SSDI benefits are being punished for having extensive work histories. SSDI benefits are an entitlement and should not be counted to the degree they are counted in the current MAPP premium calculation.

Under the proposed changes in Assembly Bill 414, earned and unearned income would be treated the same. Phil would be able to increase his work hours and, using the same figures, he would have a monthly premium of \$50 a month.

Equal treatment of income is just one of the program improvements that Assembly Bill 414 would make. Additional provisions that WCILC supports include:

- Determining eligibility on the basis of the individual participant's income and assets.
- Implementation of a fairer minimum premium of \$25 for everyone.
- Providing deductions for medical, remedial and long-term care expenses from income before determining eligibility.
- Allowing DHS to maintain MAPP eligibility for working people with disabilities earning more than 250% of the Federal Poverty Level as long as earnings are not sufficient to pay for all costs being supported through public benefit programs.
- Giving participants the ability to contribute to their independence and retirement accounts without risking the loss of eligibility in other Medicaid programs once they can no longer work or they retire.

This reform is long overdue so please support Assembly Bill 414 because it will enable more people with disabilities, like Phil, to pursue jobs and careers without jeopardizing access to the health and long term care they need to work.

Thank you for your time,



Kathleen Altman

Independent Living Services Program Director



WISCONSIN BOARD FOR PEOPLE
WITH DEVELOPMENTAL DISABILITIES

November 10, 2015

Assembly Public Benefits Reform Committee
Representative Mark Born, Chair
State Capitol, Room 312 North
Madison, WI 53708

Dear Representative Born and members of the committee:

Thank you for the opportunity to provide comment on AB 414. The Wisconsin Board for People with Developmental Disabilities (BPDD) appreciates Rep. Jacque's work with the disability community on the important and necessary changes to Wisconsin's Medicaid Assistance Purchase Plan (MAPP) program. The reforms proposed in AB 414 will enable people with disabilities to pursue jobs and careers without jeopardizing access to health and long term care they need to work.

Many people with disabilities rely on Medicaid-funded supports—mental health services, personal care, etc.—that are not available in the private sector market, or are not available at the levels necessary or at an affordable price. Strict Medicaid asset and income limits are often cited by people with disabilities as a 'Catch 22'—they want to work and progress in a career, but employment success and reaching earning potential may jeopardize the Medicaid services they need to work and that aren't available outside Medicaid.

The MAPP program is a "Medicaid Buy-In" program, which is intended to allow people with disabilities who want to work the ability to "buy-in" to Medicaid, paying a health insurance premium to access Medicaid health care. About 25 states have a Medicaid buy-in program.

The current MAPP program premium structure is untenable for participants earning a limited income, and creates a built-in disincentive to work. Income of more than 150% FPL results in exponentially higher premiums—sometimes hundreds or even \$1000 per month; many people with disabilities work lower numbers of hours per week at lower wage jobs making high premiums unfair and unaffordable. AB 414 changes the premium calculation formula for those above 150% FPL, resulting in reasonable premiums that gradually increase with overall income.

AB 414 institutes a \$25 minimum premium for all participants who are under 150% of the federal poverty level, establishing a fairer premium structure for all. As of August 2014, more than 96% of MAPP participants' earnings were so low they did not pay a premium, making the premiums for the 3.7% of participants earning more than 150% FPL disproportionately high. Federal law allows Medicaid Buy-In programs to charge premiums to people under 100% FPL; Minnesota currently charges all Medicaid Buy-In program participants a \$35/month premium.

There has been considerable emphasis across the Centers for Medicaid Services (CMS) to focus on work incentives and other policies that encourage people with disabilities to work and reduce their reliance on public benefits. CMS has allowed targeting of certain populations and special treatment of income in recent history and actions with other states. Given the exemption in federal law allowing premiums to be charged to work-

incentive program participants, we believe CMS would encourage changes that enable Medicaid participants to work and more fully participate in community life.

The Medicaid Purchase Plan Evaluation 2011 Annual Report prepared for the Office of Independence and Employment, Wisconsin Department of Health Services, April 2012 by HRG Consulting Inc. noted "that even without premiums, enrollment data support the hypothesis that MAPP is a budget neutral program. The evaluation indicated that enrollment data consistently show that a majority of MAPP participants—nearly 90%—move between regular Medicaid and MAPP at some point(s)." They go on to indicate that: "Given that this large majority of participants will likely receive MA one way or another, their participation in MAPP does not ultimately place an additional, overwhelming financial burden on the State."

It is important to emphasize that current MAPP recipients, regardless of reforms to the program – will likely stay within Medicaid somewhere. MAPP's improved premium structure and elimination of a work disincentive cliff will provide the opportunity for people to work and earn more while keeping their necessary healthcare. Additionally, with the implementation of these changes, the number of people who will increase their earnings and therefore pay higher premiums may increase, and more people in other non-premium paying Medicaid programs would now be encouraged to move into MAPP that allows them to work.

AB 414 would recognize out-of-pocket medical and remedial expenses and long term care costs as deductible expenses when calculating an individual's net income. Long Term Care supports—like personal care and transportation—are critical to make it possible for people with disabilities to work. The bill would also give participants the ability to contribute to their independence/retirement accounts without risking the loss of eligibility in other Medicaid programs once they can no longer work or they retire. And AB 414 would determine eligibility on the basis of the individual participant's income and assets, incentivizing workforce participation. All of these reforms are important changes improve the lives of people with disabilities while ensuring MAPP functions as a work incentive program.

Reforming the MAPP work incentive program offers a return on investment for Medicaid, and can become a more valuable and sustainable tool in Wisconsin's efforts to improve employment outcomes for people with disabilities.

The Wisconsin Board for People with Developmental Disabilities (BPDD) is charged under the federal Developmental Disabilities Assistance and Bill of Rights Act with advocacy, capacity building, and systems change to improve self-determination, independence, productivity, and integration and inclusion in all facets of community life for people with developmental disabilities.

Thank you for your consideration,



Beth Swedeen, Executive Director
Wisconsin Board for People with Developmental Disabilities



P.O. Box 7222, Madison, Wisconsin 53707

DATE: 11-09-15

From: Survival Coalition of Disability Organizations

To: Chairperson Born and Members, Assembly Committee on Public Benefit Reform

RE: Support for Assembly Bill 414

The Survival Coalition of Wisconsin Disability Organizations is comprised of over 30 statewide groups representing people with all disabilities of all ages, their family members, advocates and providers of disability services. Survival Coalition supports Assembly Bill 414, which takes steps to make the Medical Assistance Purchase Plan (MAPP) more effective as a work incentive program.

Survival Coalition thanks Representative Jacque for his leadership on this issue as well as the Committee for taking time to hear testimony on this important piece of legislation for the disability community.

MAPP allows individuals with disabilities to work and save money without losing access to Medicaid. In essence, MAPP works like a typical insurance plan where an individual pays a premium to access insurance coverage.

Medicaid provides affordable, quality health coverage to individuals with disabilities. Many people with disabilities do not have access to private health insurance or cannot have all of their needs met through private insurance plans—this is especially true for people who rely on long-term supports, non-emergency medical transportation, home care services or need comprehensive mental health and substance abuse services. Medicaid helps people with disabilities see primary care doctors, receive personal care services, go to the dentist, access mental health services and obtain other needed medical services and equipment. Some Medicaid programs include employment supports that assist people with disabilities in finding and maintaining employment.

AB 414 modifies the MAPP eligibility and premium setting methods to remove current law disincentives to work and better reflect the financial situation of people with disabilities. Under AB 414, to determine eligibility, DHS will calculate an individual's net income by subtracting the same disregards as under current law from the individual's total earned and unearned income. In addition, the individual's out-of-pocket medical expenses and long-term care costs, if any, will be deducted. This is an incredibly positive change that better reflects the financial situation of individuals with disabilities, many of whom have significant medical and long-term care costs.

Currently, the MAPP premium setting methods result in some individuals with incomes over 150% of the Federal Poverty Level (FPL) paying disproportionately high premiums while other individuals pay no premiums. In some cases, the current premium setting method results in people paying more unearned income as a premium than they would gain from work earnings. This unfairly penalizes individuals who want to work but need MAPP to do so.

The Legislative Fiscal Bureau prepared the following table to help demonstrate this disincentive for individuals with incomes above 150% FPL in a paper published during the 2013-15 biennium. Please note that LFB prepared this chart with 2013 data.

TABLE 1
Example of Work Disincentive under Current Law

	Single Person with Monthly Earned Income and SSDI Benefits	
	<u>Example 1</u>	<u>Example 2</u>
Earned Income	\$300	\$290
Unearned Income (SSDI)	<u>1,140</u>	<u>1,140</u>
Total Income	\$1,440	\$1,430
150% FPL Level	\$1,437	\$1,437
Subject to Premium?	Yes	No
Premium Calculation - Approximately 3% of Earned Income	\$9	\$0
Unearned Income minus Maintenance Allowance (\$814 in 2013) minus any Deductions	<u>326</u>	<u>0</u>
Total Premium	\$335	\$0

As illustrated by the table, if two individuals have the same monthly unearned income, but one earns enough to be at 150% FPL and one earns \$10 less, the one that earns less will not have any premium but the one that earns \$10 more will pay a premium of \$335 per month. In this case, the unearned income component of the individual's premium (\$326) exceeds their work earnings (\$300).

AB 414 addresses the current law disincentives to work, and creates a more equitable premium structure by requiring all participants to pay a minimum premium of \$25 per month. AB 414 also treats earned and unearned income the same for purposes of premium calculation. AB 414 requires individuals with incomes above 150% of the Federal Poverty Level to pay a premium set at 3% of their total earned and unearned income after deductions. Under AB 414, using the hypothetical numbers provided by LFB in the table above, the person in Example 1 would be charged a premium of \$25 (3% of their earned and unearned income after deductions/maintenance allowance is \$19, but the bill requires a minimum premium of \$25.) Under AB 414, individuals with incomes below 150% of the Federal Poverty Level will pay \$25 per month. The person in Example 2 would now pay a premium of \$25.

Survival Coalition supports the new premium setting methods since they will remove disincentives to work and require all participants to “buy-in” to the MAPP program. We believe these changes make MAPP more effective as a work incentive program.

AB 414 removes yet another disincentive to work by excluding assets held in an Independence Account or any retirement benefits earned by the individual while they were working from the MAPP income eligibility calculation. This exclusion would also apply when DHS determines the individual’s eligibility or cost-sharing requirements under long-term care programs, such as Family Care, and the Medicare buy-in program. This change will allow MAPP participants to contribute to their independence and retirement accounts without risking penalties or being found ineligible for other Medicaid programs once they can no longer work. In the past, some individuals were discouraged from working if they knew any savings or retirements benefits they accrued would impact their eligibility for long-term care programs. This change gives people with disabilities the opportunity to set money aside and plan for their future, just like any other Wisconsinite.

The changes to MAPP included in AB 414 foster financial independence and personal responsibility for people with disabilities. This is especially important as the state continues to promote policies that create meaningful employment opportunities for people with disabilities in the community.

Please support AB 414.

Thank you.

Sincerely,

Survival Co-Chairs:

Maureen Ryan, moryan@charter.net; (608) 444-3842;
Beth Swedeen, beth.swedeen@wisconsin.gov; (608) 266-1166;
Kristin M. Kerschensteiner, kitk@drwi.org; (608) 267-0214

November 9, 2015

To: Representative Born (Chair)
Representative Duchow (Vice-Chair)
Members, Assembly Committee on Public Benefit Reform

From: Kit Kerschensteiner, Managing Attorney,
Disability Rights Wisconsin (608) 267-0214 kitk@drwi.org

RE: Revisions to Medical Assistance Purchase Program (MAPP) AB 414

Thank you for the opportunity to provide testimony on the important issue of removing barriers to work for people with disabilities. Helping people with disabilities to become full and active members of their communities is central to our work at Disability Rights Wisconsin. We are the state's protection and advocacy agency designated by the Governor to assure that the basic rights of people with disabilities are enforced.

At its core, the goal of the Medical Assistance Purchase Plan program (MAPP) is to allow adults with disabilities to remain eligible for medical assistance while they work. It creates an avenue for individuals with disabilities who are eligible for Supplemental Social Security (SSI) payments who want to work, to do so without jeopardizing the Medicaid health and personal care services that enable them to work. Work is something that is important to individuals with disabilities not just because it increases earning capability, work also promotes independence and inclusion in the community at large. Helping people to work in competitive community employment is a "win-win" situation for both the individual and the community. MAPP fills an important gap because some of the essential services covered by Wisconsin's Medicaid state plan that enable these individuals to work either aren't offered at all under private insurance or not in amounts sufficient to meet an individual's needs.

Over the years since its inception MAPP has become less effective as a work incentive program due to increasingly unrealistically high premiums for certain individuals which actually discourage rather than encourage work. AB 414 improves MAPP by reforming the eligibility and premium setting standards that have become barriers to accessing MAPP benefits and therefore a disincentive to work. Changes made by AB414 that DRW considers to be very positive include:

- Treating income earned from work and unearned income equally for purposes of eligibility determination and minimum premium calculations.

MADISON

131 W. Wilson St.
Suite 700
Madison, WI 53703

608 267-0214
608 267-0368 FAX

MILWAUKEE

6737 West Washington St.
Suite 3230
Milwaukee, WI 53214

414 773-4646
414 773-4647 FAX

RICE LAKE

217 West Knapp St.
Rice Lake, WI 54868

715 736-1232
715 736-1252 FAX

disabilityrightswi.org

800 928-8778 consumers & family

- Allowing the deduction of all medical, remedial and long term care expenses from the income of participants with adjusted incomes above 250% of the federal poverty level in the eligibility determination.
- Excluding participant contributions to their independence savings accounts and employment retirement benefits from the maximum allowable asset calculation.
- Changing the eligibility determination calculation to consider only the individual's income and assets, rather than those of the entire family.
- Instituting annual reporting metrics on the number of participants, hours worked, wages, income and other factors that can demonstrate the effectiveness of the program.

While DRW supports all the above improvements that AB 414 makes to MAPP, a concern remains about the fate of those who will find the imposition of the twenty-five dollar mandated premium too harsh a financial burden. AB 414 removes the current ability of the Department of Health Services to waive payment of small premium amounts. There are undoubtedly some participants whose personal budgets are already under enormous strain. The imposition of a twenty-five dollar monthly premium may well actually push them off Medicaid and the care they need and into more unsafe and unhealthy situations which will often be high cost emergency rooms and inpatient stays. We would ask that this committee consider a hardship exemption from premium payment for individuals with incomes under 150% FPL. Criteria and documentation requirements would be developed by the Department of Health Services in order for an individual to establish the hardship situation qualifies for approval of a premium exemption.

According to the U.S. Bureau of Labor, 80% of people with disabilities want to work, but only 18.7% actually have jobs.¹ Unfortunately, often there is a self-defeating circle where the very jobs people with disabilities aspire to put them at risk of losing the services that make this work possible. The changes AB 414 makes to the MAPP program can open doors for people with disabilities to become an asset in the workforce and support independence while reducing reliance on public benefits. Increasing the number of people with disabilities who work in competitive community employment is a positive gain for both people with disabilities and the communities in which they live.

Thank you for the opportunity to provide input on these bills. We welcome the opportunity to work with committee members to seek improvements that would increase its effectiveness as a work incentive measure for all participants.

¹ U.S. Bureau of Labor Statistics, December 2013.

**Testimony on Assembly Bill 414
Assembly Committee on Public Benefit Reform**

**Shel Gross, Director of Public Policy
Mental Health America of Wisconsin**

Mental Health America of Wisconsin supports Assembly Bill 414, which takes steps to make the Medical Assistance Purchase Plan (MAPP) more effective as a work incentive program.

Medicaid provides affordable, quality health coverage to individuals with disabilities. MAPP allows individuals with disabilities to work and save money without losing access to Medicaid. This is important because for many people with mental illnesses Medicaid coverage provides a level of service that is not found in most private health insurance. Medicaid also provides employment supports that assist people with disabilities in finding and maintaining employment.

AB 414 modifies the MAPP eligibility and premium setting methods to remove current law disincentives to work. Currently, the MAPP premium setting methods result in some individuals with incomes over 150% of the Federal Poverty Level paying disproportionately high premiums while other individuals pay no premiums. In some cases, the current premium setting method results in some people paying more unearned income as a premium than they would gain from work earnings. This unfairly penalizes individuals who want to work or work more hours, but need MAPP to do so. Under AB 414, to determine eligibility, the individual's out-of-pocket medical expenses and long-term care costs, if any, will be deducted from net income. This change better reflects the financial situation of individuals with disabilities.

AB 414 removes yet another disincentive to work from the current MAPP program by excluding assets held in an Independence Account or any retirement benefits earned by the individual while they were working from the MAPP income eligibility calculation. This exclusion would also apply when DHS determines the individual's eligibility or cost-sharing requirements under other long-term care programs and the Medicare buy-in program. It also encourages MAPP participants to contribute to their independence and retirement accounts without risking penalties or being found ineligible for other Medicaid programs once they can no longer work. In the past, some individuals were discouraged from working if they knew any savings or retirements benefits they accrued would impact their eligibility for long-term care programs. This change gives people with disabilities the opportunity to set money aside and plan for their future, just like any other Wisconsinite.

We believe that the change to MAPP included in AB 414 is consistent with the Governor's Better Bottom Line initiative by fostering financial independence and personal responsibility for people with disabilities.

We thank Representative Jacque for his leadership on this issue as well as the Committee for taking time to hear testimony on this important piece of legislation for the disability community.

Thank you.

Jason Ostrowski



100 Corrina Boulevard #148 • Waukesha, Wisconsin 53186 • Phone: 414-328-1518
E-Mail: jostrowski1970@gmail.com

Date: November 10, 2015

Dear Assembly Committee on Public Benefit Reform:

My name is Jason Ostrowski, my fiancée, Heather Ament and I are writing to you because we are individuals, born with physical disabilities, who are trying to get married and obtain gainful employment but have run into some obstacles. We feel that just because a person has a disability, does not mean that you cannot be a productive member of society and pursue a "normal" life. I have been fortunate enough to obtain a Masters Degree and acquire employment at We Energies for 13 years. In 2010, I had to go back on Social Security. Financially, We-Energies has been good to me by providing me a disability pension along with my Social Security Disability Insurance. Unfortunately, unearned income is looked at negatively when trying to gain employment and keep Family Care and Medicaid benefits. Presently, my health is back to where I can focus on employment once again. Currently; I am volunteer, at ProHealth Care, in place of working.

My fiancée Heather has also been blessed to obtain her Associates Degree and has previous employment at UW-Waukesha and Independence First. She is also a volunteer at ProHealth Care and is seeking employment.

The current financial requirements for Medicaid and Family Care prevent me from working at all. If we get married, Heather will be forced to choose between insurance coverage and working full-time. We have been engaged for three years now and have not gotten married for this reason. We need Medicaid and Family Care, for the home health care benefits and equipment, so that we are able to live independently within the community.

We are in support of Assembly Bill 414, which will not only help us; but many other disabled individuals who are forced to choose health benefits or employment.

Thank you for time and consideration.

Cordially,

Jason Ostrowski Heather Ament

options

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November 5, 2015

State Capitol
P.O. Box 8953
Madison, WI 53708

Dear Representative Born and Members of the Public Benefit Reform Committee,

I enthusiastically support Assembly Bill 414. This bill provides critically needed legislation that will help allow people with disabilities to work to their full potential. As a Work Incentives Benefits Specialist at *Options* for Independent Living, I work with individuals with disabilities who want to be employed. I give them information regarding how work will affect their benefits.

Many of my consumers worked full-time before they acquired their disabilities. As a result, they may qualify for relatively high Social Security Disability Insurance (SSDI) benefits. Unfortunately, even if they qualify for Medicare, their SSDI benefits are not always enough to cover the cost of their medical care. The Medicaid Purchase Plan (MAPP) is a very important program for those individuals. It can help with their medical costs and, for those who need long-term supports, it can give them access to long-term care programs. Consumers who have the health care and supports they need are better able to maintain employment.

Unfortunately, the current MAPP rules treat unearned income, such as SSDI payments and Veterans benefits, very differently than they treat earned income. This can cause significant problems for individuals with higher unearned income. I have worked with consumers who have chosen not to pursue their goals and work to their full potential because even a small increase in their earnings caused them to go from no MAPP premium to a MAPP premium of more than \$500.00 per month.

Assembly Bill 414 would remove this disincentive to work and would stop penalizing individuals who have higher SSDI benefits due to their past work. This Bill provides many other beneficial changes to people with disabilities who want to work.

I encourage your support of this most valuable Bill and thank you for your time.

Sincerely,



Karin Zuleger
Work Incentives Benefits Specialist

555 Country Club Road • PO Box 11967 • Green Bay, WI 54307
920-490-0500 • toll free 888-465-1515

www.optionsil.com

