NewYorkMakesWorkPay

Developing a path to employment for New Yorkers with disabilities

FACT CHECK

The Medicaid Buy-In for Working People with Disabilities: Does New York State Really Benefit?

The Medicaid Buy-in for Working People with Disabilities (MBI-WPD) Program offers state policy makers an important option for providing health insurance coverage to working adults with disabilities who choose to return to work and decrease reliance on public entitlements. Under the MBI-WPD, those who otherwise are not eligible for Medicaid because of their income or assets have the option to "buy-in" to Medicaid. To qualify, an individual must have a disability defined under the Social Security Administration (SSA) and meet financial eligibility requirements. Nationwide, more than 200,000 people have enrolled in the Buy-in program. In New York State the number of participants has grown steadily from 944 in 2003 to over 5,600 in 2009. To evaluate future need for opportunity and growth of the program, it is important to recognize the impact of the program on New York State and New Yorkers with disabilities.

- **Buy-in participants are less expensive than other working age Medicaid participants with disabilities:** Buy-in participants nationally and in most states, including NY, had lower Medicaid annual expenditures per enrollee than the broader population of adult Medicaid enrollees with disabilities. Nationally, the percent difference between annual Medicaid expenditures of Buy-in participants compared to all disabled Medicaid beneficiaries was -8%; in NY this differences was -29%. This suggests that the Buy-in participants as a result of work are healthier or require fewer or less expensive services.
- **Most Buy-in participants are dually covered:** Buy-in participants have access to health-services covered by their state Medicaid program, but many of these individuals are also covered by Medicare as they receive payments through Social Security Disability Insurance as a result of earnings from work and paying income tax. From 2002-2005, 75% of Buy-in participants were dually enrolled in Medicare and Medicaid (In New York, closer to 85% from 2003-2005 as the program did not start till 2003).
- **Increases in expenditures (Medicaid and Medicare) are mostly attributable to increases in new participants:** From 2002 to 2005, the Buy-in enrollment more than doubled from 51,152 to 107,687, and as expected with this increase the expenditures more than doubled from $887 million to $1.9 billion. The report uses a standardized measure, per member/per month (PMPM) expenditures, for Medicare and Medicaid in order to better understand total service costs. The resulting PMPM Medicaid expenditures remained very stable over the period (varying between $1287 and $1161), while the Medicare PMPM for dual participants increased over the period (from $493 to $597). In NY State, the PMPM Medicaid expenditures were $1,833 in 2003, but dropped to $1,583 and $1,674 in 2004 and 2005, respectively. As seen nationally, the NY State Medicare PMPM for dual participants increased over the period from 2003 to 2005 (from $308 to $450).
- **Dual Buy-in participants have higher expenditures than non-duals:** Dual Buy-in participants nationally and in New York State had higher PMPM Medicaid expenditures than non-dual enrollees. This indicates that dual enrollees have more severe conditions and require more services. While the overall average indicates that duals have higher Medicaid expenditures, in three out of four states the Medicaid costs were actually lower for duals. This is likely due to Medicare being the first payer for many services.

Talking points in this issue of FACT CHECK were taken from the Analysis of Medical Expenditures and Service Use of Medicaid Buy-in Participants, 2002-2005, Final report Oct. 29, 2009. By Gilbert Gimm, Kristen l. Andrews, Jody Schimmel, Henry T. Ireys, Su Liu. Washington, D.C. Mathematica Policy Research

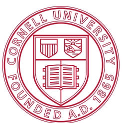
- **Some shifts in expenditures (from Medicaid to Medicare) can be expected as a result of the implementation of Medicare Part D:** Prescription Drugs accounted for the largest share of Medicaid spending and were used by 91% of Buy-in participants. However, this finding is based on 2005 data, the year prior to the implementation of Medicare Part D. It is likely for dual Buy-in participants these expenditures will shift to Medicare.
- **States may want to focus programs and outreach on younger workers with disabilities, and those who were not previously enrolled in Medicaid:** Younger Buy-in participants generally had lower rates of service utilization under both Medicare and Medicaid. The report examines first-time Buy-in participants, who did not have Medicaid in the year before Buy-in enrollment. The average Medicaid expenditure for these enrollees is 30% lower than for those with prior Medicaid coverage. As states consider expanding the Buy-in program, these enrollees would not be as costly as persons who moved from another Medicaid eligibility category (at least in the short-term).

The data seems to draw a compelling direction for future health care and employment policy in New York State:

- **The MBI-WPD does have a clear dual benefit for New York State and individuals with disabilities served by the program.**
- **Work appears to have a positive impact on the potential health and well-being of New Yorkers with disabilities served by the program.**
- **New York State experiences a dual benefit through an increased tax base generated by working MBI-WPD participants as well as decreased costs associated with Medicaid service expenditures of participants when compared to other Medicaid programs.**

As policy makers think of these benefits and strategies to maximize these benefits emphasis must be placed on:

- **Increased strategic program participation outreach**
- **Availability of tools and resources to assist New Yorkers with disabilities in equipping themselves to be competitive in the workplace**
- **Equipping of both employers and employment services providers with evidence-based practices resulting in jobs at livable wages**
- **Development of state policy directives that place "employment first"**



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