Health Insurance

Medicaid Buy-In Program for People With Disabilities

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Background

The Medicaid Buy-In Program allows working people with disabilities whose income disqualifies them from enrolling in their state's Medicaid program to gain Medicaid coverage by paying premiums, thus "buying into" the program. The program was initially established by the Balanced Budget Act (BBA) of 1997 and expanded by the Ticket to Work and Work Incentives Improvement Act (TWWIIA) of 1999. The BBA has an income eligibility threshold of 250 percent of the federal poverty level (FPL) and TWWIIA provided an option for states to set their own income eligibility limits, including no limits on income at all.

In addition, passage of the Family Opportunity Act of 2005 (FOA) provided a Medicaid buy-in option for families of children with disabilities. The goal of FOA was to help families stay together and retain employment. The FOA set the Medicaid income eligibility limit at a maximum of 300 percent of the FPL.

Similar programs proposed since the passage of the Affordable Care Act (ACA) would create health coverage options for additional uninsured populations through a Medicaid "public option" offered through state ACA marketplaces, with the ability to obtain tax subsidies for those who qualify for them. These programs may also be referred to as Medicaid buy-in but should not be confused with the traditional Medicaid Buy-In Program for people with disabilities or the FOA.

This brief considers buy-in programs for people with disabilities, which originated with the idea that more people with disabilities could remain in the workforce if they did not face losing their Medicaid benefits when they made too much money under the program's income guidelines. Keeping Medicaid is important to people with disabilities because the program covers some services of special importance to them that many employer-based insurance plans do not, such as personal care services, nursing facility services or occupational therapy.

The Centers for Medicare & Medicaid Services (CMS) has a well-established process to approve such buy-in programs on a case-by-case basis. As of 2018, 46 states had a Medicaid Buy-In Program for working adults with disabilities[1] and six offered similar programs to

children with disabilities whose parents cannot afford private insurance that covers their medical needs.[2]

Medicaid buy-in programs give states the flexibility to extend Medicaid coverage to select populations without necessarily participating in full-fledged Medicaid expansion for the general population. Accordingly, states participating in the Medicaid expansion under the ACA, which covers people with incomes up to 138 percent of the FPL, can use buy-in programs to expand health coverage to additional people beyond the ACA's income limit. The Medicaid Buy-In Program also gives states that have not expanded Medicaid the option to provide coverage to additional people beyond the eligibility limits established in their Medicaid programs.

Buy-in programs also allow for fiscal flexibility. States can still establish income ceilings and require monthly premiums. Also, when using a Section 1115 waiver, they do not have to provide the same benefit coverage mandated by normal Medicaid requirements. Many states have established tiered systems in which individuals or families with higher incomes pay higher premiums.

In order to implement a Medicaid buy-in option, states must obtain approval from CMS, through either a State Plan Amendment or a waiver. The specific type of approval required depends on the population to be covered and the benefits they will be offered. For instance, some buy-in programs may operate under Section 1115 demonstration waivers, which allow broad flexibility for programs that promote the objectives of the Medicaid program. Other states have implemented buy-in programs for children with disabilities within their Medicaid State Plans under the authority of the FOA.

Financial and Budget Considerations

The budgetary impact of a buy-in program varies from state to state because of the flexibility given to states in implementing their programs, such as their ability to require copayments and premiums, and because CMS waivers allow for different rates of reimbursement. Under the traditional Medicaid program, the federal government reimburses state expenses on at least a dollar for dollar match with no cap, depending on each state's Federal Medical Assistance Percentages (FMAP). This is not necessarily the case for buy-in programs under a waiver, which may establish a cap on the federal funds provided.

The federal government reimburses buy-in programs under the same matching formula as traditional Medicaid. CMS can also grant waivers to states trying to expand coverage to other adults and establish varying rates of reimbursement. Under a Section 1115 waiver, for instance, states demonstrating that the expanded coverage will be budget neutral to the federal government can open eligibility to otherwise ineligible adults and receive federal reimbursement, though the rate of reimbursement varies from program to program.[3]

State Examples

■ **Colorado**:[4] In addition to its status as a Medicaid expansion state under the ACA, Colorado offers both working adults with disabilities and children with disabilities options to buy in to its Medicaid program. Disabled children whose families earn less than 450 percent of the FPL may participate in the buy-in program, which covers the same benefits as the state's traditional Medicaid program and has no co-payments. Families must pay a monthly premium, depending on their income, as follows:

- Families with income between 134 percent and 200 percent of FPL, the first tier required to pay a premium, owe $90 a month.
- Families with income between 201 percent and 301 percent of FPL pay a premium of $130 a month.
- Families earning more than 301 percent of FPL owe $200 a month.

Colorado's buy-in program for adults is open to anyone between the ages of 16 and 64 who works, has a disability and earns less than 450 percent of FPL. The program covers the same benefits as the state's traditional Medicaid program, which includes modest co-payments. Certain qualified individuals are also able to access additional long-term services and supports. Participants must pay a monthly premium, ranging from $25 to $200 a month, depending on income.

■ **Texas**:[5,6] Texas opted not to expand Medicaid to the general population under the ACA, but provides options for working adults with disabilities and, since 2011, for children with disabilities under the federal FOA provisions. The Medicaid buy-in for children (MBIC) is open to children in families earning less than 300 percent of the federal poverty guidelines and covers all the same services as the state's traditional Medicaid program. Families are required to pay both a premium and a share of the cost of their child's care until the family reaches a predetermined cost-share limit.

- Families with incomes less than 200 percent of the poverty level have a cost-share limit of 5 percent of the family's total income.
- The cost-share limit rises to 7.5 percent for families earning between 201 percent and 300 percent of FPL.
- Once a family reaches its cost-share limit, the Medicaid program covers the balance of the child's covered medical costs.

Medicaid Buy-In Programs: State Policy Options and Considerations

- Buy-in programs can expand access to working adults with disabilities and children with disabilities.
- If using a waiver, states can determine what benefits to provide under their buy-in plans.
- States can determine set premiums or delineate premiums by income.

The Texas Medicaid buy-in program for adults is open to state residents who work, have a disability and earn less than 250 percent of the FPL. The program covers the same benefits as the state's traditional Medicaid program. Individuals making more than $1,471 a month must pay a monthly premium assessed on the basis of earned income and other forms of income (such as Social Security).

■ **Maine**:[7] Maine offers a buy-in program for both working adults with disabilities and children. Unlike in Colorado and Texas, Maine's buy-in program for children, a dual Medicaid and Childrens' Health Insurance Program (CHIP), covers all children whose families earn between 140 percent and 213 percent of FPL, not just children with disabilities. Families with existing insurance can buy into the program as supplemental insurance. The program charges premiums on a sliding scale based on income.

Working adults with disabilities are eligible to buy into Medicaid as long as their monthly income from wages and other earnings totals less than 250 percent of FPL after deductions and they have assets of less than $8,000. The program offers all the benefits of Maine's traditional Medicaid program and beneficiaries pay premiums of $10 or $20 a month, depending on income.

Conclusion

According to CMS, "Research has shown that the program is not just good for beneficiaries and employers; it is also good policy for Medicaid. An analysis of expenditures and services used showed Medicaid Buy-In participants incurred lower annual Medicaid costs than other adult disabled Medicaid enrollees. In a University of Kansas study, findings indicated Medicaid Buy-In participants had a better quality of life while Medicaid expenditures were less."[8]

According to the latest 50-state published data posted by the Kaiser Family Foundation, the structures and eligibility for state Medicaid buy-in programs vary as seen in the table that follows.

Medicaid Eligibility through Buy-In Programs for Working People with Disabilities

Table Definitions:

- **N/A**: None. No monthly income or asset limit specified.
- **NR**: Data not reported.
- **—**: No Medicaid Buy-In program for working people with disabilities.

Location	Monthly Income Limit	Asset Limit: Individual	Asset Limit: Couple	Monthly Income at Which Premiums Begin
Alabama	—	—	—	—
Alaska	$3,607	$10,000	$15,000	Varies by income and household size
Arizona	$2,453	N/A	N/A	>$500
Arkansas	N/A	N/A	N/A	NR
California	$2,453	$2,000	$3,000	$1, premium based on total countable income up to 250% FPL
Colorado	$4,414	N/A	N/A	>40% FPL
Connecticut	$6,250	$10,000	$15,000	Household income >200% FPL
Delaware	$2,698	N/A	N/A	>$981 for individual and $1,328 for couple (100% FPL)
District of Columbia	$2,943	N/A	N/A	No premium
Florida	—	—	—	—
Georgia	$2,199	$4,000	$6,000	$1,472 (150% FPL)
Hawaii	—	—	—	—
Idaho	$1,946	$6,600	$6,600	No premium
Illinois	$3,433	$25,000	$25,000	$251
Indiana	$3,433	$2,000	$3,000	$1,472 (150% FPL)
Iowa	$2,453	$12,000	$13,000	$1,473 (>150% FPL)
Kansas	$2,943	$15,000	$15,000	>$981 for individual and $1,328 for couple (100% FPL)
Kentucky	$2,453	$5,000	$10,000	No premium
Louisiana	$981	$10,000	Excludes spouse	No premium
Maine	$2,453	$8,000	$12,000	$1,473 (>150% FPL)
Maryland	$2,943	$10,000	$15,000	$1,001 (101% FPL)
Massachusetts	N/A	N/A	N/A	$1,473 (>150% FPL)
Michigan	$2,453	$75,000	Excludes spouse	$1,353 (138% FPL)
Minnesota	N/A	$20,000	Excludes spouse	$65.01
Mississippi	$4,971	$24,000	$26,000	$1,472 (150% FPL)
Missouri	—	—	—	—
Montana	$2,453	$15,000	$30,000	100% FPL or less
Nebraska	$981	$4,000	$6,000	NR

Location	Monthly Income Limit	Asset Limit: Individual	Asset Limit: Couple	Monthly Income at Which Premiums Begin
Nevada	$2,453	$15,000	Excludes spouse	$1, <200% FPL premium based on 5% of income; 200-250% FPL premium based on 7.5% of income
New Hampshire	$4,414	$27,592	$41,386	$1,472 (150% FPL)
New Jersey	$2,453	$20,000	$30,000	NR
New Mexico	$2,453	$10,000	$15,000	No premium
New York	$2,453	$20,000	$30,000	150% FPL
North Carolina	N/A	$23,448	$23,448	>200% FPL
North Dakota	$2,206	$13,000	$16,000	$10.10
Ohio	$2,453	$11,473	$11,473	$1,472 (150% FPL)
Oklahoma	—	—	—	—
Oregon	$2,493	$5,000	Excludes spouse	$735
Pennsylvania	$2,453	$10,000	$10,000	$1, premium based on 5% of monthly gross income
Rhode Island	$1,962	$10,000	$20,000	150% FPL
South Carolina	—	—	—	—
South Dakota	$2,453	$8,000	Excludes spouse	No response
Tennessee	—	—	—	—
Texas	$2,453	$5,000	Excludes spouse	$1,472 (150% FPL)
Utah	$2,453	$15,000	$15,000	$982 (100% FPL)
Vermont	$2,453	$4,000	$6,000	No premium
Virginia	$785	$2,000	$3,000	No premium
Washington	$2,158	N/A	N/A	$65
West Virginia	$2,453	$2,000	$3,000	$1, premium based on 3.5% of monthly gross income
Wisconsin	$2,452	$15,000	Excludes spouse	>150% FPL
Wyoming	$2,199	N/A	N/A	$1, premium based on 7.5% of monthly gross income

Source: 2015, The Henry J. Kaiser Family Foundation[9]

Notes

1. Medicaid.gov, "Ticket-to-Work" webpage.
2. The Catalyst Center, "Medicaid Buy-Ins" (Boston: Boston University School of Social Work, 2019), http://cahpp.org/project/the-catalyst-center/financing-strategy/medicaid-buy-ins/.
3. Medicaid.gov, "About Section 1115 Demonstrations" webpage, https://www.medicaid.gov/medicaid/section-1115-demo/about-1115/index.html.
4. Colorado Department of Health Care Policy and Financing (HCPF), "Health First Colorado Buy-In Programs" (Denver, Colo.: HCPF, 2019).
5. Texas Health and Human Services, "Medicaid Buy-In for Adults" webpage.
6. Texas Health and Human Services, "N-1000, Medicaid Buy-In for Children" webpage, https://hhs.texas.gov/laws-regulations/handbooks/mepd/chapter-n-medicaid-buy-children/n-1000-medicaid-buy-children.
7. Georgetown University Health Policy Institute, "Maine Medicaid & CHIP Programs" webpage,
8. Centers for Medicare & Medicaid Services Ticket to Work and Medicaid Buy-In. Online at https://www.medicaid.gov/medicaid/ltss/employment/ticket-to-work/index.html
9. Henry J. Kaiser Family Foundation (KFF), "State Health Facts: Medicaid Eligibility through Buy-In Programs for Working People with Disabilities" (Menlo Park, Calif.: KFF, 2019), https://www.kff.org/other/state-indicator/medicaid-eligibility-through-buy-in-programs-for-working-people-with-disabilities.

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