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MED-Connect: Medicaid for Employees with Disabilities Program Report

Research Team

Noreen Shugrue, JD, MBA, MA
Pamela S. Higgins, MS, MPH, CPH
Julie Robison, PhD

University of Connecticut Health Center
Center on Aging
263 Farmington Avenue
Farmington, CT 06030-6147

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I. MED-Connect Background: Medicaid Buy-in for Working People with Disabilities

Medicaid for Employees with Disabilities, known in Connecticut as "MED-Connect," provides medical assistance to employed individuals with disabilities. Nationally the program, also known as the "Medicaid Buy-In", was authorized under the Ticket to Work and Work Incentives Improvement Act of 1999, and is administered by the Centers for Medicare & Medicaid Services (CMS). The program allows eligible consumers to work, earn money, and retain assets in excess of what is allowable under traditional Medicaid coverage groups designed for persons with disabilities. Connecticut was one of the earliest states to establish a buy-in program, and MED-Connect began serving the State's employed residents with disabilities on October 1, 2000 with 409 consumers transferred from another Medicaid program.

To qualify for MED-Connect, a Connecticut resident with disabilities can have up to $75,000 in total income from work and other benefits per year, and retain assets of up to $10,000 for individuals and $15,000 for a couple. Earned income from employment and unearned income such as Social Security and pensions are considered as part of total income. Individuals who have impairment-related work expenses may qualify with income above $75,000. Some higher-income individuals pay a monthly premium for this coverage[1].

With more than 10 years of experience with MED-Connect, Connecticut's data provides a valuable look at the program and its impact on working people with disabilities. This report analyzes several key features associated with Connecticut's MED-Connect program, using data from the years 2002 to 2011. Some data reported are available only for years 2009 to 2010. Unless otherwise noted, data was obtained from the monthly download on MED-Connect consumers authorized in the Department of Social Services (DSS) Eligibility Management System (EMS).

[1] MED-Connect, Medicaid for Employees with Disabilities (2012). Retrieved from: www.connect-ability.com

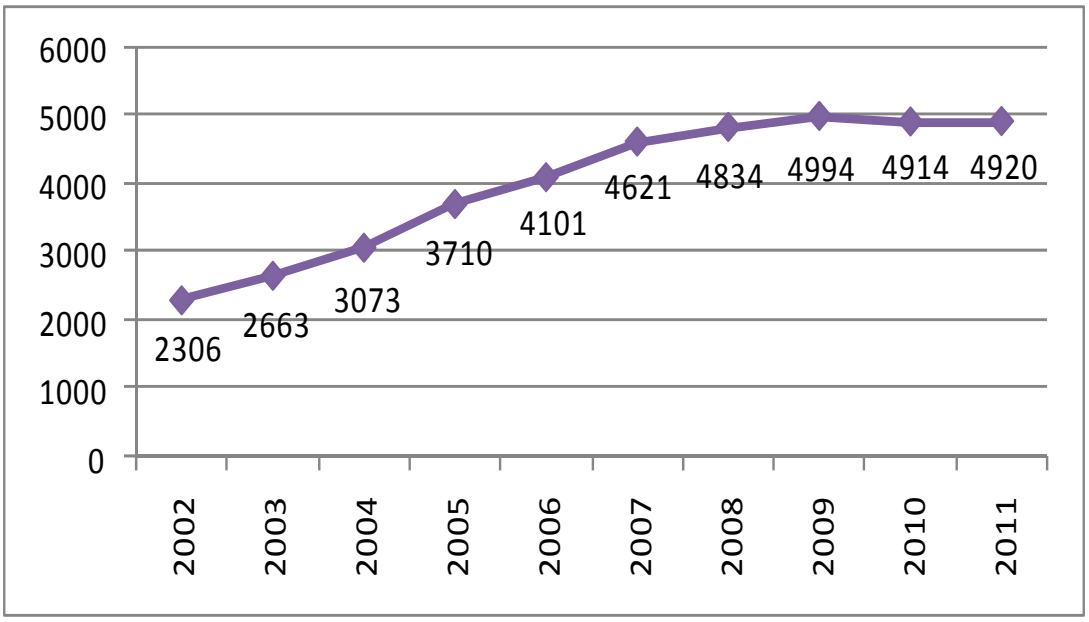
II. Results

Program Enrollment

The MED-Connect program gives employed adults (age 18 and over) with disabilities an important tool to help them achieve greater self sufficiency without jeopardizing essential medical supports. Though originally limited to adults age 18 to 64, effective October 1, 2006 coverage was added under the Balanced Budget Act of 1997 to allow working persons with disabilities who are age 65 and older access to MED-Connect.

Figure 1 is a breakdown of program growth for the years 2002 through 2011, measured as of July 1 of each year. The consumer participation level steadily increased from 2002 to 2009 (Figure 1) and leveled off through 2011. A portion of the enrollment increase in 2006 is due to the program expansion allowing working individuals with a disability age 65 and older to participate.

Figure 1. MED-Connect Participation Rate by Year, as of July 1 2002-2011



Demographics

Over the ten years of program history, the gender and race of participants has remained fairly constant, while age has increased.

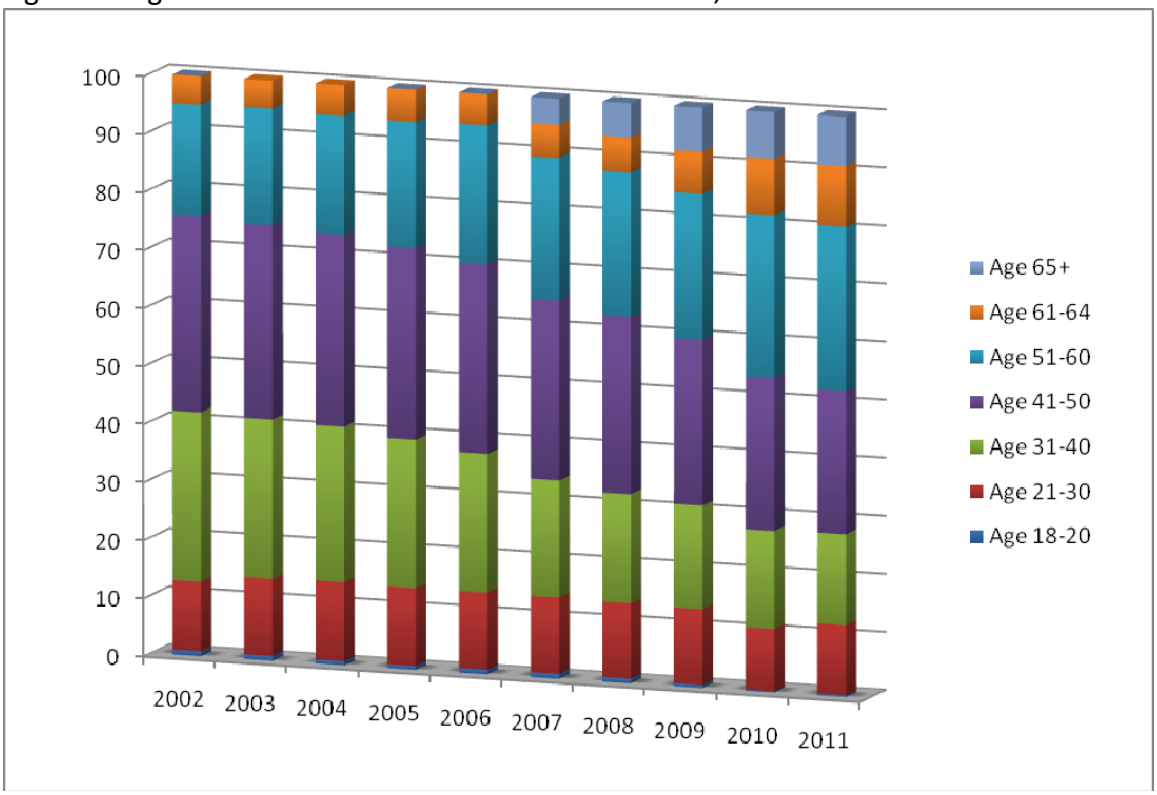
Gender

From 2002 to 2011, the gender distribution remained constant with males and females participating in the program in approximately equal numbers.

Age

Figure 2 shows the proportion of participants in each age range during the years 2002 to 2011. Participants grew gradually older over the 10 years. In the early years, only about a quarter of participants were over 50, a proportion that grew to nearly half by 2011. While the percentage of participants ages 18 to 30 remained relatively steady at about 13 percent, there was a marked decrease in those ages 31 to 50 (from 62% to 40%), and a marked increase in those age 51 to 64 (from 24% to 39%). As noted, coverage was added to allow persons age 65 and older access to MED-Connect beginning in 2006, and their participation grew from 4 percent to 9 percent from 2006 to 2011.

Figure 2. Age Distribution of MED-Connect Consumers, 2002 to 2011

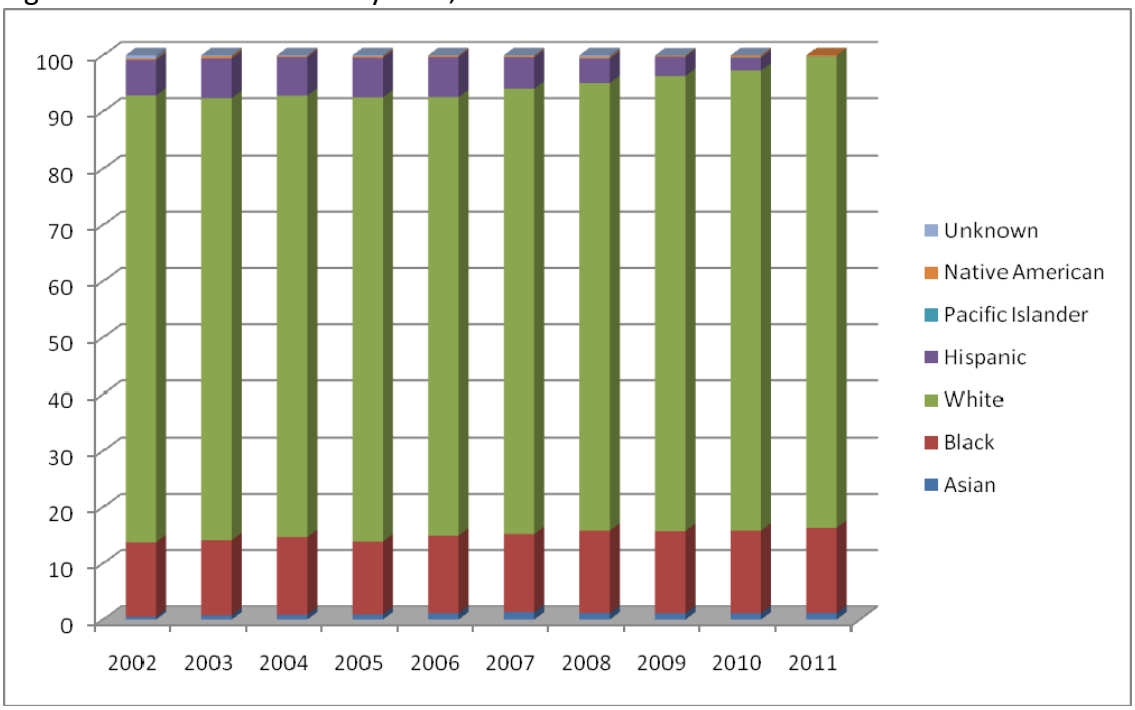


Race & Ethnicity

The distribution of race remained steady during the years 2002-2006: approximately 78 percent white, 13 percent Black, 7 percent Hispanic, and 2 percent other (Figure 3). However, the "Hispanic" designation was removed from use for new MED-Connect participants as of April 2007, making comparison more difficult. During the years 2007-11, Black participation rose to an average of 15 percent and white participation to 81 percent, but it is unknown how many in each category were Hispanic.

The racial distribution of MED-Connect consumers is similar to the racial distribution of all people in Connecticut with disabilities, though MED-Connect consumers are slightly more likely to be Black and less likely to be Latino. Specifically, in 2010, 10.4 percent of the Connecticut population included people with disabilities of which 73.2 percent were White, 10.8 percent were percent Black, 13.6 were percent Latino/Hispanic, and 2.4 percent were other.[2]

Figure 3. Race Distribution by Year, 2002-2011



[2] U.S. Census Bureau. (2010) American Community Survey. http://factfinder.census.gov/

Medicaid Waivers

The Medicaid Home and Community-Based Services (HCBS) waiver program permits the State of Connecticut to furnish an array of home and community-based services that assist Medicaid beneficiaries to live in the community and avoid institutionalization. Waiver services complement and/or supplement the services that are available to consumers through the Medicaid State plan and other federal, state and local public programs as well as the supports that families and communities provide.

Services covered by MED-Connect are the same as under other Medicaid programs for persons with a disability. Since 2005, individuals who qualify for the Personal Care Assistance (PCA) Medicaid Waiver, the Acquired Brain Injury Waiver (ABI), the Department of Developmental Services Comprehensive Support Waiver (DDS Comp) or Individual and Family Support Waiver (DDS IFS), are able to receive waiver services under MED-Connect coverage. In addition, individuals who qualify for the mental illness waiver, known as WISE (Working for Integration, Support and Empowerment) have been eligible since its inception in 2009.

Table 1 shows the number and percentage of MED-Connect consumers since program inception that have participated in one of Connecticut's HCBS Medicaid waivers. The DDS IFS and DDS Comp waivers comprise the highest utilization by consumers, together totaling 1972 out of 2209, or 89 percent of all MED-Connect participants who are on a waiver.

Table 1. Waiver Participation for MED-Connect Consumers
2005 – 2010 (N=13,038)

Type of Waiver	Number MED Enrollees (% of all enrollees)
PCA	151 (1.16)
ABI	78 (0.60)
DDS IFS	1,084 (8.31)
DDS Comp	888 (6.81)
WISE (new in 2009)	8 (0.06)
Total Waiver Participation	2,209 (16.94)

Wages and Assets

Since the primary purpose of MED-Connect is to allow individuals with disabilities to work, earn wages, and retain assets without losing medical coverage, it is instructive to analyze the extent to which participants are able to earn wages and accumulate assets.

Wages

This paper analyzes the wages of all persons who were MED-Connect clients during the year 2010 (N=6537) by examining their average monthly wages in 2009 and 2010. Since participants can remain on the program for up to one year while unemployed (see "Job Loss" section below), a snapshot of participants at any point in time will show some with $0 earnings.

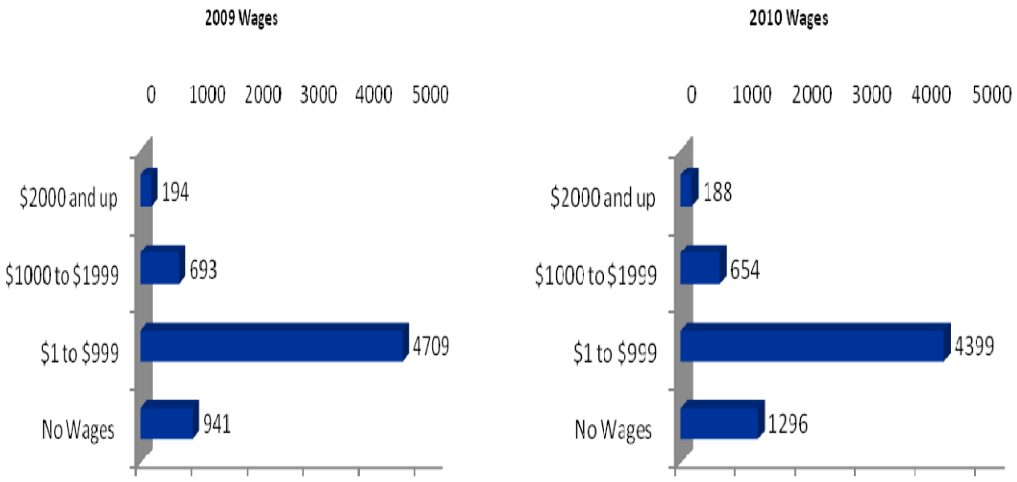
Most data for this analysis, relating to 5300 of the 6537 in the sample, comes from the Connecticut Department of Labor (DOL) wage file data, which includes information about the employee, hours worked and wages earned. Data for an additional 699 MED-Connect consumers who do not have available DOL wage data due to self-employment or working outside of Connecticut is taken from the monthly EMS wage report, where participants are required to periodically report their monthly wages to DSS (Table 2). One limitation of the EMS data is that it is self-reported; individuals may have had earnings in these years that they did not report.

Table 2. Sources of wage information

Source	Number
Clients with DOL wages from Jan 2009-Dec 2010	5300
Clients with EMS wages and no DOL wages	699
Clients with no wages from either source	538
Total	6537

Figure 4 shows that very few 2010 MED-Connect consumers earned average monthly wages of more than $1000 in either year. Only three percent earned more than $2000 per month and another 10 percent earned between $1000 and $1999 per month in both 2009 and 2010. The majority of 2010 MED-Connect consumers earned an average monthly income between $1 and $999, nearly three quarters in 2009 and about two-thirds in 2010. The major difference between the two years is that in 2009, 14 percent had no wages, and that number grew to 20 percent in 2010.

Figure 4. Average Monthly Wages
MED-Connect Consumers, 2010



Since it is likely that many individuals on MED-Connect are also receiving payments from the Social Security Disability Insurance (SSDI) or Supplemental Security income (SSI) programs, it should be noted that to be eligible for those programs, persons must be unable to engage in "substantial gainful activity" (SGA). A person earning more than a designated monthly amount ($980 in 2009 and $1000 in 2010) is considered to be engaged in SGA. It is unknown whether any of the large number of MED-Connect participants in the $1 - $999 range may be intentionally earning less than the SGA amount in order to retain SSDI or SSI benefits.

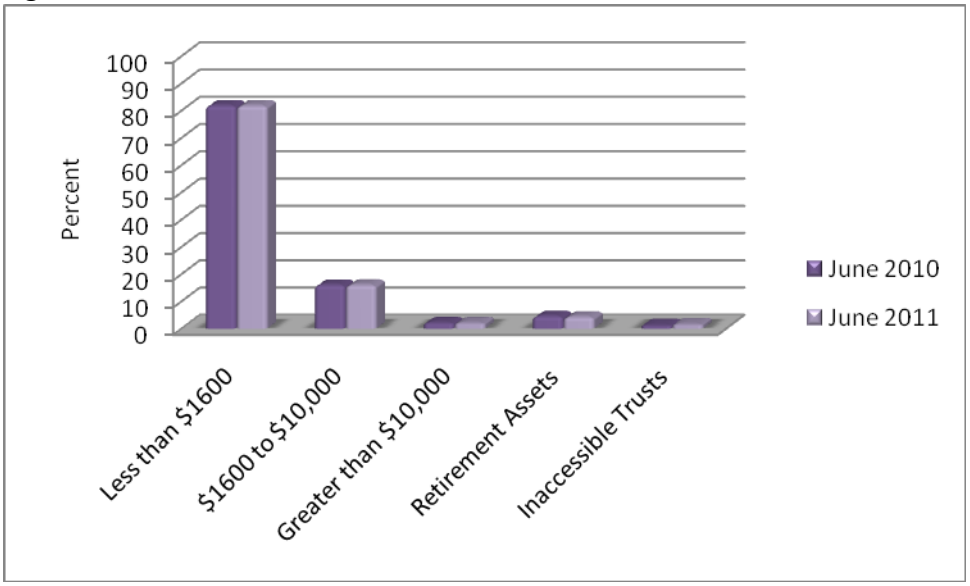
Assets

Connecticut has an asset limit for most adult Medicaid coverage groups of $1,600 for an individual and $2,400 for a couple. Under the MED-Connect program, however, the asset limit is raised to $10,000 for an individual and $15,000 for a couple. For purposes of asset eligibility limits, certain retirement accounts and accounts maintained for the purpose of increasing the individual's employability are excluded.

Participant assets

Figure 5 shows the total assets for individuals as of June 2010 and June 2011, which are nearly identical for both years. The majority of consumers (82%) report assets of less than $1600, which would have been allowed under any Medicaid coverage group. The consumers with assets in excess of $1,600 (18%) have taken advantage of the program's higher asset limit, and those with assets in excess of $10,000 (2%) have taken advantage of the program's asset exclusions. A little over 4 percent have any retirement assets, and 1-2 percent are beneficiaries of inaccessible trusts.

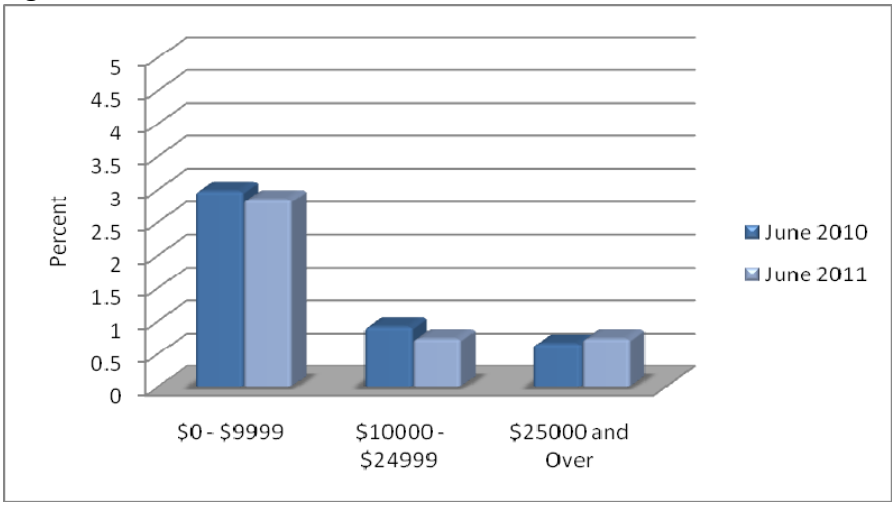
Figure 5. Total Assets MED-Connect Consumers, 2010 & 2011



Retirement assests

As noted above, only four percent of MED-Connect consumers hold retirement assets in any amount. Of those who do have retirement assets, about two-thirds have accumulated less than $10,000 (Figure 6). Less than a fifth (14% in 2010 and 17% in 2011) had retirement assets exceeding $25,000.

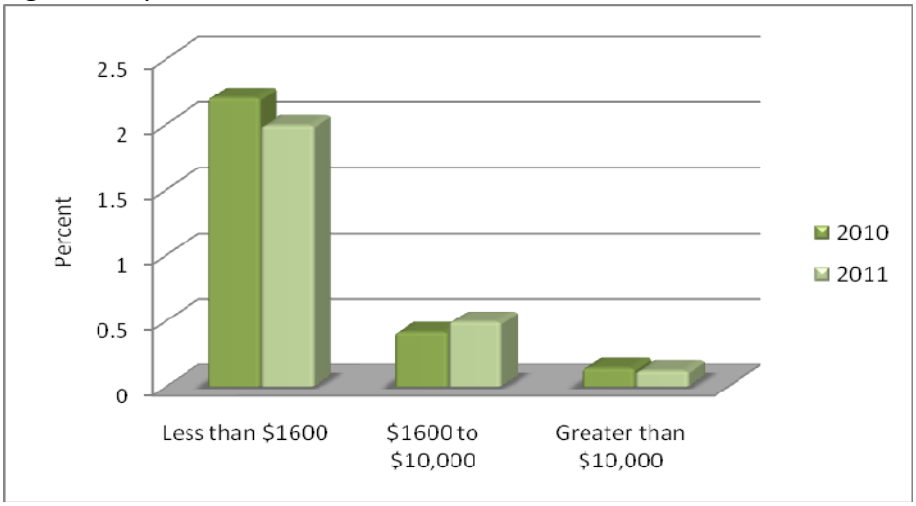
Figure 6. Retirement Assets, MED-Connect Consumers, 2010 & 2011



Spousal assets

In 2010 and 2011, only a small proportion (about 7%) of MED-Connect consumers were married. Of those who were married, slightly more than a third of the spouses had any assets. Figure 7 shows spousal assets, the majority of which are less than $1600.

Figure 7. Spousal Retirement and Non-Retirement Assets, 2010 & 2011

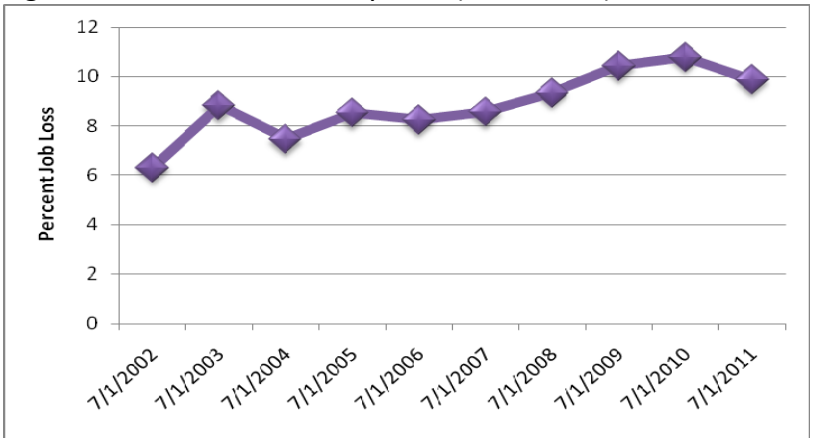


Job Loss

A key element in the MED-Connect program is the inclusion of a provision that allows persons with disabilities to be treated as employed even if wages stop for a short period of time for reasons outside the control of the consumer, so that program eligibility can be retained. This provision, referred to as a "grace period", has been a vital program component since inception that has allowed hundreds of persons with disabilities to retain health care coverage despite a temporary loss of employment due to a health crisis or an involuntary loss of employment for a reason other than willful misconduct.

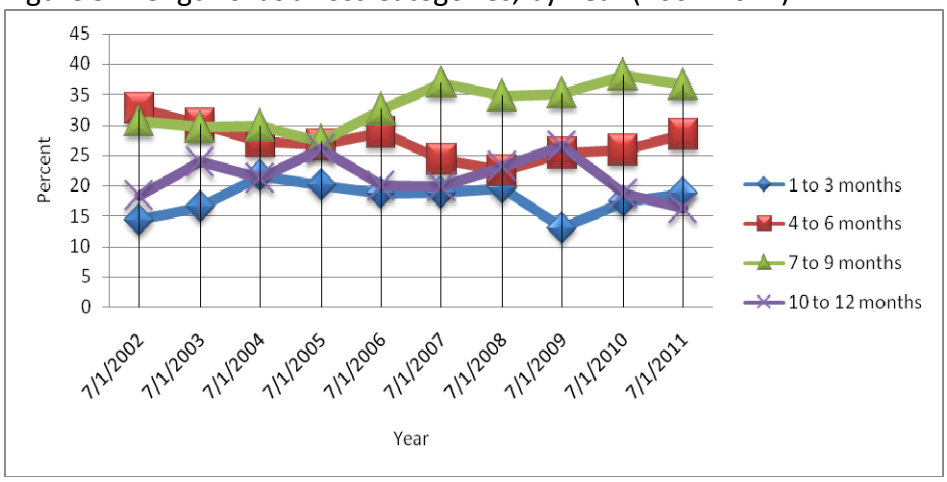
MED-Connect consumers who lose employment through no fault of their own (due to a health crisis or involuntary job termination) can retain program eligibility for up to one year from the job loss if the consumer plans to return to work when the health issue subsides or is actively searching for work. Figures 8 and 9 show the number of job loss consumers on the benchmark dates, and the length of the job loss period (i.e. the number of months until the individual returned to employment or lost MED-Connect coverage).

Figure 8. Percent Job Loss by Year (2002-2011)



The percent of participants in job loss status ranged from a low of 6 percent in 2002 to a high of 11 percent in 2010, and was most pronounced in the recession years of 2007-10. Of those who were unemployed, the most common length of unemployment in most years was seven to nine months.

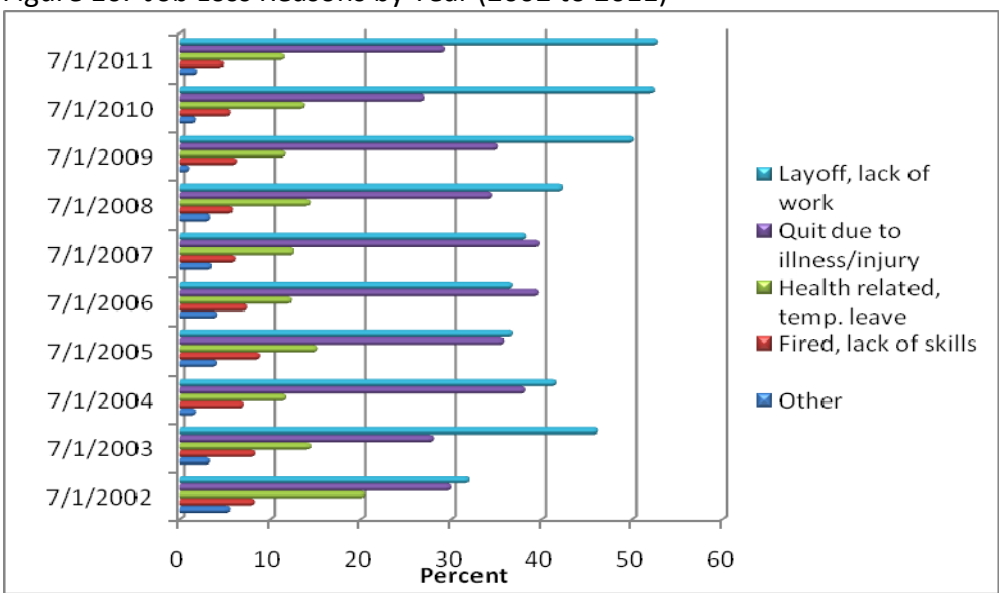
Figure 9. Length of Job Loss Categories, by Year (2002-2011).



Job Loss Reasons

There are an assortment of reasons why MED-Connect consumers lost their employment during the years 2002 to 2011, the most prominent being layoff due to lack of work. As shown in Figure 10, job loss due to layoff increased over the ten year span, with a marked increase beginning in 2008. This trend echos the job landscape in Connecticut during this time period and is most likely due to the recession that began in 2007. Other notable job loss reasons include consumers quitting due to illness or injury, health related temporary leave, and firing due to lack of skills.

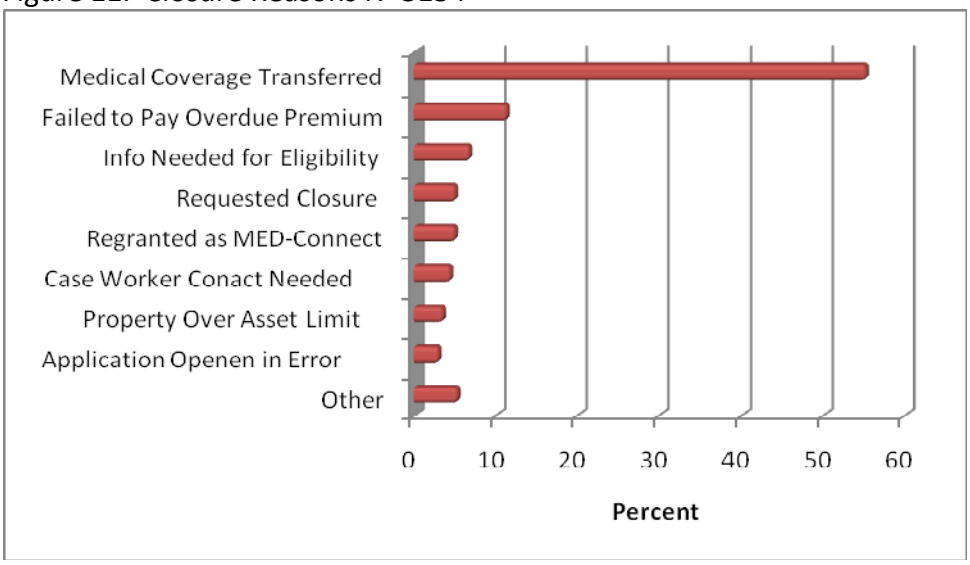
Figure 10. Job Loss Reasons by Year (2002 to 2011)



Closure Reasons

MED-Connect coverage can end for many different reasons. Figure 11 shows the results of an analysis of the closure reason codes for a sample of 3,134 recently-closed Med-Connect cases. By far the most common reason was the transfer of consumer coverage to another program for which they were eligible (55%). Another 5% were re-granted as MED-Connect after closure. Additional noteworthy closure reasons include failure to pay overdue premiums (11%), failure to give information needed to establish eligibility (7%), and property over asset limit (4%). A small proportion of cases closed due to other reasons including consumer's being institutionalized, moving, failing residency requirements, and voluntarily withdrawing.

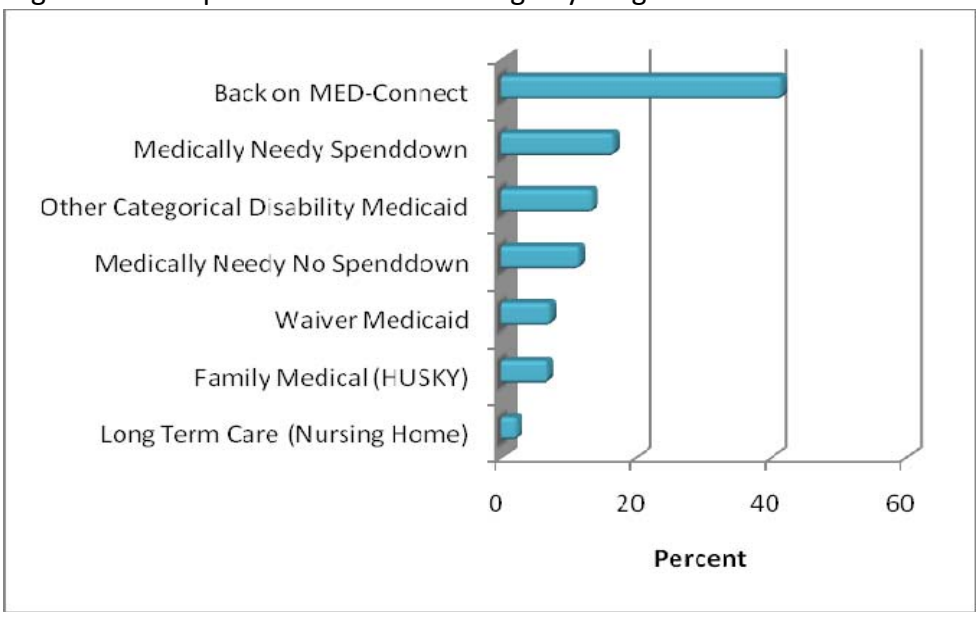
Figure 11. Closure Reasons N=3134



Reopened Medicaid Coverage

Of the 3,134 recently closed MED-Connect cases 1,153 (37%) were reopened. Of those reopened, 41.5 percent were reopened as MED-Connect. Figure 12 shows the type of Medicaid coverage under which the closed MED-Connect consumer was reopened. Codes were obtained via direct query of EMS closure codes using identifiers for all MED-Connect consumers.

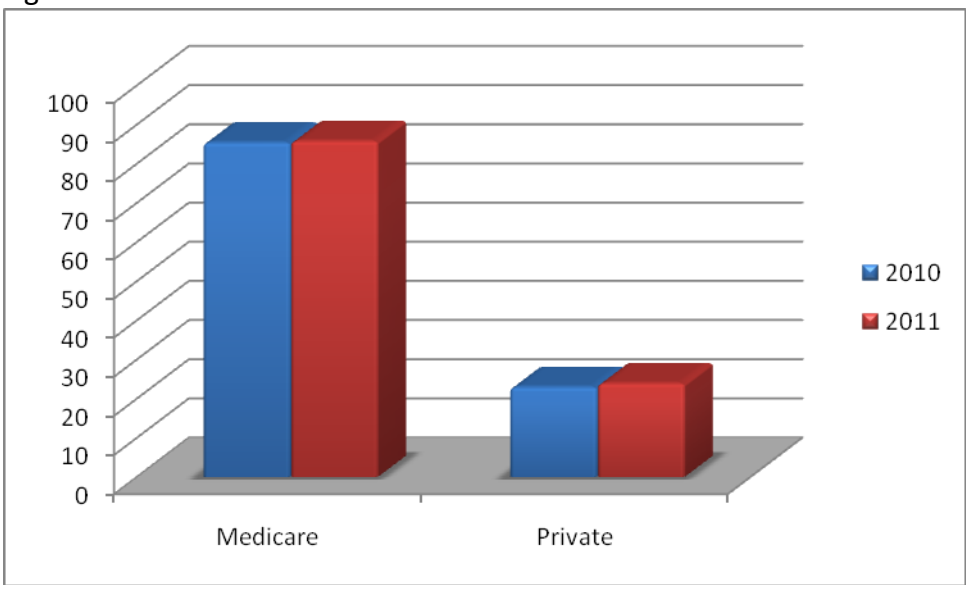
Figure 12. Reopened Medicaid Coverage by Program N=1153



Medical Insurance

Most MED-Connect participants have additional health coverage from another source. Approximately 85 percent of MED-Connect consumers in 2010 and 2011 had Medicare coverage while 24 percent had some private medical insurance coverage either through an employer, a family member or direct self-payment (Figure 13).

Figure 13. Medicare and Private Insurance Prevalence 2010 - 2011[3]



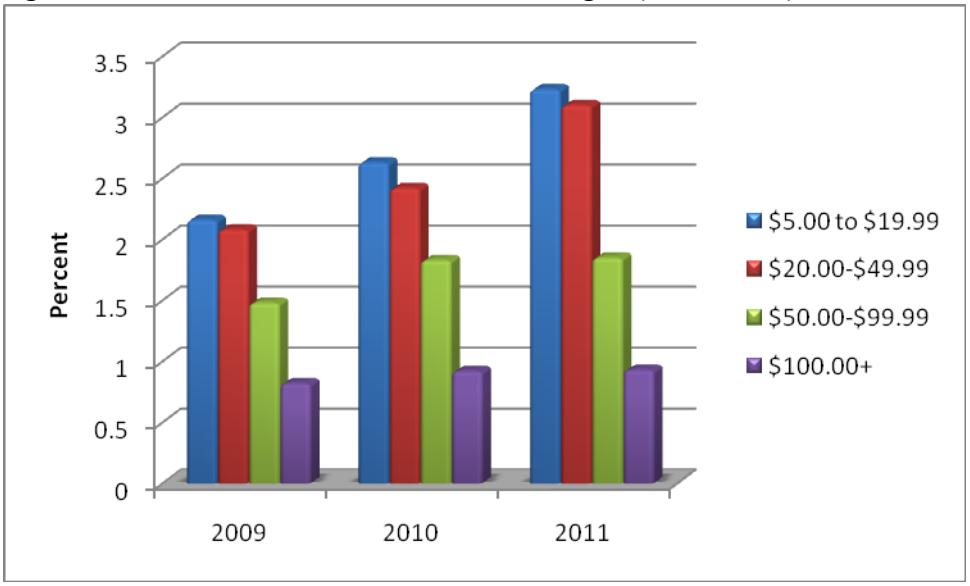
Medical Insurance Premiums

Consumers earning up to 200 percent of the Federal Poverty Level (FPL) do not pay premiums for health care coverage through MED-Connect. Those who earned an income above 200 percent of FPL for each year were charged a monthly premium equal to 10 percent of their income above the limit.

Over 90 percent of MED-Connect consumers during the years 2009 to 2011 did not pay a premium for their Medicaid coverage. The small proportion of remaining consumers paid premiums that ranged from $5.00 per month to over $100.00 per month (Figure 14).

[3] Data from DSS Medicaid Data Warehouse Third Party Liability Data file.

Figure 14. Medical Insurance Premiums Charged (2009-2011)



III. **Conclusions**

Connecticut's Medicaid Buy-in program, MED-Connect, allows eligible employed individuals with disabilities to work, earn money, and retain assets in excess of what is allowable under traditional Medicaid coverage. From 2002 to 2011, program enrollment more than doubled, with a marked increase in those ages 51 to 64.

In addition, the state successfully linked MED-Connect to the HCBS waiver programs, allowing persons who qualify for Medicaid through MED-Connect to qualify financially for certain waivers. Since 2005, Medicaid waivers have been available for MED-Connect consumers for the following programs: PCA, ABI, DDS IFS, DDS Comp, and starting in 2010, WISE. About 17 percent of MED-Connect consumers participated in one of the waiver programs from inception, with the DDS IFS and DDS Comp waivers comprising by far the highest utilization.

For some people, the program's generous features, including high income limits, waiver eligibility, and ability to retain medical coverage through most job losses of less than a year, enable employment that would otherwise be difficult or impossible. However, the MED-Connect population as a whole is one of low wages, limited assets, and frequent job instability. The majority of consumers earned below $1000 per month. It is unknown whether these low levels of earnings are due in part to participants' intentionally remaining below the designated SGA limits, or whether they are unable to find and maintain employment with the wages and hours that would result in higher earnings. Most consumers also reported total assets below $1,600, retirement assets below $10,000, and spousal assets lower than $1,600.

Job loss steadily increased during the ten years assessed, ranging between 6 and 11 percent, and was most pronounced in the recession years of 2007-10. The highest percentage of MED-Connect consumers were out of work for seven to nine months. The most common reason for job loss was layoff due to lack of work.

In a sample of recently-closed MED-Connect cases more than half were closed due to program enrollment in another medical assistance program. For the remaining consumers, an array of reasons was reported such as non-payment of premiums and missing eligibility information. Fortunately, a third of this sample was eligible to reopen their MED-Connect coverage through a variety of Medicaid programs. Most MED-Connect consumers have additional health coverage through Medicare or private insurance, and the vast majority does not pay premiums because their low earnings do not put them above 200 percent of federal poverty level.

Continued assessment of the demographics, assets, and job status of MED-Connect consumers will inform administrators where there may be apparent need for program enhancement or consumer assistance.