

Disability Rights Nebraska

Protection and Advocacy for People with Disabilities

April 10, 2019

Dear Senators:

Nebraskans with disabilities who are utilizing Medicaid face a wholly unique problem if they go to work: they risk becoming ineligible for Medicaid due to their earnings. Who else risks losing their health insurance just by getting a job?

Medicaid plays a vital role in the lives of many Nebraskans with disabilities as people with disabilities often live at or below the poverty line and Medicaid often provides a more robust array of essential services beneficial for people with disabilities that may not be provided in a private or employer-based insurance plan. So people with disabilities utilizing Medicaid are forced to choose between their Medicaid life-line and working—a huge disincentive to seeking employment—which is ultimately a situation of forced dependency. Nebraska is already paying for these individuals through Medicaid—hovering around approximately \$1,400-1,500 per member¹ but receiving little in return for their investment.

In 1999, Nebraska implemented a program to help people with disabilities who utilize Medicaid avoid this pernicious predicament: the Medicaid Insurance for Workers with Disabilities (MIWD) program (colloquially known as a “Medicaid Buy-in” program). It allows them to earn up to 250% of federal poverty, pay a sliding-scale premium, and retain their Medicaid coverage. While the target was about 100 people initially for the program, approximately 74 people are currently on the 20-year old program and only 3 are paying a premium to “buy in” to Medicaid.

The MIWD is an employment program, not a Medicaid handout.

LB 323 addresses a significant barrier that MIWD program applicants face: “Test A”. Test A is the test to basically determine program eligibility. Unfortunately, most applicants fail Test A. It’s not usually the amount of a person’s income, but the unreasonably limited set of circumstances a person must meet in order to pass Test A that causes most people to fail. Additionally, differing interpretations of terminology used by Nebraska and the Social Security Administration, specifically the interpretation

¹ Nebraska Medicaid Annual Report for State Fiscal Year 2017-2018, December 3, 2018, p. 12, available at: https://nebraskalegislature.gov/FloorDocs/105/PDF/Agencies/Health_and_Human_Services_Department_of/107_20181130-141401.pdf

of a “Trial Work Period”, restrict program eligibility and cause confusion and unnecessary administrative burden. LB 323 addresses these particular barriers.

The results of eliminating Test A as proposed in LB 323 (with the Committee Amendment) would be more people with disabilities choosing to work and maintain needed supports and services, more people with disabilities accepting additional hours, promotions and raises, and streamlining MIWD budgeting processes and alleviating much of the administrative burden.

Data from Kansas² demonstrates two significant benefits from a robust and effective Medicaid Buy-in program: wages/earnings go up (which means more people paying a premium and/or a higher premium) and Medicaid costs go down:

“Further, as participants’ personal income and contributions to state revenues via taxes paid increased, medical expenditures for those continuously enrolled in Working Healthy decreased. Adjusting for medical inflation, Medicaid expenditures per person per month for this group declined over time, dropping 41% from 2007 to 2011 ... with the greatest decrease being in outpatient expenditures that include doctor’s visits, case management, attendant and related services.”

While all the platitudes and sentiments expressed by policymakers about how people with disabilities should be allowed to “reach their full potential” or should be encouraged to work (with all the ancillary benefits like dignity in work or a paycheck) it is disheartening to encounter resistance to reform a program that is designed expressly for that purpose (admittedly under-utilized) for a segment of the disability community who, through no fault of their own, are ***punished*** for getting a job.

We see, hear, and debate about all these different job training, job placement, or hiring preference programs for other groups, and we are not saying those should not be done; but when it comes to Nebraskans with disabilities who utilize Medicaid, they are continually asked to “take one for the team” or told “it’s too expensive”. When is it their turn? Advance LB 323 with the Committee Amendment.

Sincerely,

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² Hall, J., and Kurth, N., “Kansas Medicaid Buy-In Participants Continue to Earn More and Cost Less”, January 2013, available at https://ihdps.ku.edu/sites/ihdps.drupal.ku.edu/files/docs/PB14_jan_2013.pdf