SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

BILL:	SB 1394
SPONSOR:	Senator Wasserman Schultz
SUBJECT:	Medicaid Eligibility
DATE:	April 14, 2003 REVISED: 04/22/03

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Munroe	Wilson	HC	Favorable
2.	Emrich	Deffenbaugh	BI	Fav/1amendment
3.			AHS	
4.			AP	
5.				
6.				

I. Summary:

Senate Bill 1394 reenacts the Ticket to Work/Medicaid Buy-in Program that was enacted by the Legislature in 2001 and subsequently repealed in December 2001, effective July 1, 2002. The bill authorizes individuals with disabilities who have an income up to 250 percent of the federal poverty level to buy into the Medicaid program, subject to specific federal authorization. Persons age 16 through 64 who have a disability and return to work may qualify for a Medicaid buy-in program established in the federal "Ticket to Work and Work Incentives Improvement Act of 1999," Title II of Pub. L. No. 106-170. In addition, income related premiums and cost sharing are required.

The fiscal impact of this bill on the Agency for Health Care Administration is estimated at $7,629,791 for recurring costs and $100,000 in non-recurring costs. The Department of Children and Families estimates the need for approximately $1 million for the first year for eligibility staff and computer programming.

This bill amends section 409.904, Florida Statutes.

II. Present Situation:

Societal attitudes have shifted toward goals of economic self-sufficiency, enabling people with disabilities to fully participate in society. Although, at one time, the common business practice was to encourage someone with a disability to leave the workforce, today a growing number of private companies have been focusing on enabling people with disabilities to return to work.

Almost one in five Americans and more than ten percent of all Floridians has a disability. Individuals with disabilities have lower employment rates and lower incomes than persons who do not have a disability according to Florida=s ABLE Trust, December 1999 report: Cost-Benefit Analysis of Employment of Floridians with Disabilities. The ABLE Trust report estimated that the cost of unemployment for Floridians with disabilities is $8.1 - $10.5 billion dollars annually.

Many individuals with disabilities have both the motivation and the ability for employment. However, individuals presently receiving financial assistance from Federal and State programs are hindered in their attempt to be employed by regulations and restrictions that make employment unattractive due to the fear of losing necessary assistance before an income sufficient to cover basic needs is earned.

The General Accounting Office noted in a 1997 report (HEHS-97-46):

> AThe Social Security Administration's disability insurance and supplemental security income programs have not kept pace with the trend toward returning disabled people to the work place. Fewer than one percent of disability insurance beneficiaries leave the rolls to return to work each year. Yet, even relatively small improvements in return-to-work outcomes offer the potential for significant savings in program outlays. For example, *if an additional one percent of the 6.6 million working-age beneficiaries under the two programs were to leave the disability rolls and return to work, lifetime cash benefits would be reduced by an estimated $3 billion.*@

The General Accounting Office estimated that no more than one in 500 people with disabilities leaves the Social Security Disability Insurance and Supplemental Security Income (SSDI/SSI) rolls because of employment. One of the main reasons cited for people not going to work is the fear of losing necessary benefits, cash and/or medical insurance, particularly if the job causing this loss is a low-paying entry-level position. Loss of necessary assistance before one's income is sufficient to cover medical and/or attendant care costs, as well as basic living needs, can be disastrous.

Medicaid

Medicaid is a medical assistance program that pays for health care for the poor and disabled. The program is jointly funded by the federal government, the state, and the counties. The federal government, through law and regulations, has established extensive requirements for the Medicaid program. The Agency for Health Care Administration (AHCA) is the single state agency responsible for the Florida Medicaid Program. The statutory provisions for the Medicaid program appear in ss. 409.901 through 409.9205, F.S.

Individuals who are elderly or disabled, whose incomes are at or below 88 percent of the federal poverty level (FPL) are an optional coverage group eligible for Medicaid under s. 409.904(1), F.S. Payments for services to individuals in the optional categories are subject to the availability of monies and any limitations established by the General Appropriations Act or chapter 216, F.S.

The federal poverty levels for the year 2003 are:

Family Size	Income
1	$8,980
2	$12,120
3	$15,260
4	$18,400
5	$24,680

Section 409.914(2), F.S., directs AHCA to seek federal authorization and financial support for a buy-in program that provides federally supported medical assistance coverage for persons with incomes up to 250 percent FPL.

Supplemental Security Income and Social Security Disability Insurance

Supplemental Security Income (SSI) pays a cash benefit to individuals who are age 65 or older, or who are blind, or who have a disability and who have limited income and assets. Persons who qualify for SSI automatically qualify for Medicaid. Social Security Disability Insurance (SSDI) pays disabled former workers a monthly benefit based on their prior work and contributions under Social Security. After approximately two years of a qualifying disability, SSDI beneficiaries qualify for Medicare.

Social Security does not pay for short-term or partial disability. Applicants are considered disabled if they cannot do the work they did before sustaining the disability and Social Security confirms that each applicant cannot adjust to other work because of a medical condition. The disability also must last, or be expected to last, a year or to result in death. Over the years, the Social Security disability programs have developed a number of work incentives to encourage disabled persons to return to work. The loss of health care benefits (Medicaid) has frequently been cited as a barrier, or disincentive, for persons with disabilities to return to the workforce.

Ticket to Work and Work Incentives Improvement Act of 1999

The federal ATicket to Work and Work Incentives Improvement Act of 1999@ was signed into law on December 17, 1999. It allows states to provide Medicaid coverage to certain disabled persons who are transitioning from Social Security disability (SSI or SSDI) to gainful employment. The provisions of the law become effective at various times, generally beginning one year after enactment. The program is being phased in nationally over a three-year period beginning January 1, 2001, with the first Tickets issued early in 2001. SSI and SSDI disability beneficiaries will receive a “Ticket” they may use to obtain vocational rehabilitation, employment or other support services from an approved provider of their choice. The Ticket program is voluntary.

Under the Act, effective October 1, 2000, states have the option to provide Medicaid coverage to more people ages 16-64 with disabilities who work. States have the option to permit working individuals with incomes above 250 percent of the federal poverty level to buy into Medicaid. If a state provides Medicaid coverage to the individuals described above who return to work, the state may also elect to continue to provide coverage to certain individuals whose improved medical condition would otherwise make them ineligible.

Further, the law extends Medicare coverage for people with disabilities who return to work. It extends Part A premium-free coverage for 42 years beyond the current limit for Social Security disability beneficiaries who return to work.

Individuals covered under these options could Abuy into@ Medicaid coverage by paying premiums or other cost-sharing charges on a sliding fee scale based on an individual's income. The state would be required to make premium or other cost-sharing charges the same for both these two new eligibility groups. In addition, a state may require individuals with income above 250 percent of the Federal poverty level to pay the full premium cost.

Federal funds paid to a state for Medicaid coverage of these new eligibility groups must be used to supplement state funds used for their existing programs that assist disabled individuals to work. In order to receive Federal funds, states are required to maintain their current level of effort for these groups. Effective October 1, 2000, the Secretary of Health and Human Services is authorized to award Ainfrastructure grants@ to states to design, establish, and operate infrastructures that provide items and services to support working individuals with disabilities.

The 2000 Legislature required (Section 167 of HB 591) AHCA to conduct a cost and feasibility study regarding the implementation of the Ticket to Work and Work Incentives Improvement Act of 1999. The agency contracted with the Capstone Consulting Group to complete the study, which estimated that 1,500 individuals would participate in the program at an annual cost of $8.1 million. The 2001 Legislature enacted ch. 2001-104, L.O.F., which authorized implementation of a Medicaid buy-in program for the disabled and appropriated $2 million to fund the program for one quarter of the fiscal year. The provision was placed in s. 409.904(11), F.S. In December 2001, the Legislature repealed s. 409.904(11), F.S., so the Ticket to Work/Medicaid Buy-in Program was implement only from April 1, 2002 through June 30, 2002.

III. Effect of Proposed Changes:

Section 1. Amends s. 409.904, F.S. The bill authorizes individuals with disabilities who have income up to 250 percent of the federal poverty level to Abuy in@ to the Medicaid program, subject to specific federal authorization, by adding a new subsection (11) to s. 409.904, F. S. Persons age 16 through 64 who have a disability and return to work may qualify for a Medicaid buy-in program established under the federal ATicket to Work and Work Incentives Improvement Act of 1999,@ Title II of Pub. L. No. 106-170. Income-related premiums and cost-sharing are required.

Section 2. Provides that the bill will take effect July 1, 2003.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Implementation of the Medicaid buy-in will allow disabled individuals to seek employment and give employers access to a larger pool of potential employees.

C. Government Sector Impact:

The Agency for Health Care Administration projects that this program would provide coverage for 1,500 individuals at an annualized cost of $7,629,791 for recurring costs ($2,674,675 General Revenue) and $100,000 in non-recurring costs ($50,000 General Revenue). The Department of Children and Families estimates approximately a $1 million first year impact for eligibility staff and computer programming.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

#1 by Banking and Insurance:
Strikes subsection (11) and inserts a provision suggested by the Agency for Health Care Administration which clarifies how income and assets should be treated for eligibility purposes. It provides that earned income of up to 250 percent of the federal poverty level, after application of the Supplemental Security Income earned income disregards, will be disregarded in determining eligibility, that the asset limit will be $8,000 for an individual and $9,000 for a couple, with specified exclusions to include a second vehicle, if there is a spouse living in the home, and all funds placed in a retirement account recognized by the IRS.