MATHEMATICA
Policy Research, Inc.

WORKING WITH DISABILITY
WORK AND INSURANCE IN BRIEF

Number 9 • September 2009

What Happens to Medicaid Buy-In Participants After They Leave the Program?

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The Medicaid Buy-In program is a key component of the federal effort to make it easier for people with disabilities to work without losing health benefits. Authorized by the Balanced Budget Act of 1997 (BBA) and the Ticket to Work and Work Incentives Improvement Act of 1999 (TWWIIA), the Buy-In program allows states to expand Medicaid coverage to workers with disabilities whose income and assets would ordinarily make them ineligible for Medicaid. To be eligible for the Buy-In program, an individual must have a disability (as defined by the Social Security Administration) and earned income, and must meet other financial eligibility requirements established by states. States have some flexibility to customize their Buy-In programs to their unique needs, resources, and objectives. As of December 31, 2008, 37 states with a Medicaid Infrastructure Grant (MIG) reported covering 92,446 individuals in the Medicaid Buy-In program.

This issue brief, the ninth in a series on workers with disabilities, examines the prevalence and characteristics of Medicaid Buy-In participants who leave the program as well as their participation status in other public programs and their employment outcomes after disenrollment.

Enrollment in the Buy-In program has grown continuously since it was launched in 1997. Nevertheless, many enrollees leave the program every year. Understanding the reasons for disenrollment and how individuals fare after leaving the Buy-In program is critical to understanding whether and the extent to which the program puts adults with disabilities on the road to economic self-sufficiency. In other words, do individuals leave the program because higher earnings disqualify them, or do they leave for other reasons, such as loss of employment? Are they less dependent on public assistance once they leave the program? We address these questions by examining how disenrollees compare to all first-time enrollees in terms of their demographic characteristics, employment status, and participation in other public programs, and by comparing the earnings and program participation status of disenrollees before they enrolled in the Buy-In to their status after they disenrolled.

How Many Participants Left the Medicaid Buy-In Program, and How Long Were They Enrolled?

From January 2000 through November 2006, 176,810 individuals from 31 states participated in the Medicaid Buy-In program for the first time. Forty-three percent, or 76,290 of them, left the Buy-In within this seven-year period and did not re-enroll for at least 12 months.[1] Throughout this issue brief we refer to these individuals as *disenrollees*.

On average, disenrollees spent 13.6 months in the Buy-In before leaving it. But the rate of disenrollment and the average duration of participation varies widely by state (Table 1). The rate of disenrollment ranges from 5 percent in New York to 78 percent in South Carolina. Some of this variation is driven by the fact that because of

[1]About nine percent of disenrollees subsequently re-enrolled in the Buy-In program between February 2001 and December 2007.

This issue brief was prepared by Mathematica Policy Research under contract HHSM-500-2005-00025I (0008) with the Centers for Medicare & Medicaid Services (CMS). For other briefs in this series, please visit the Mathematica website at http://www.mathematica-mpr.com/.

the pre-defined study period, programs implemented earlier would allow more time for participants to disenroll. For example, South Carolina was one of the first states to implement a Buy-In program (in October 1998); it is therefore not surprising that South Carolina has the highest disenrollment rate as well as the highest average participation spell among disenrollees (22.2 months). However, as shown in Table 1, differences in participation spells alone do not explain all of the state-to-state variation.

Other factors likely to contribute to differences in disenrollment patterns across states include the frequency at which eligibility for Medicaid is redetermined as well as Buy-In-specific features such as the duration of the grace period for work stoppage protection and the amount of premium. For example, Utah's program has been in place longer than most other states, and as expected, it has one of the highest disenrollment rates (68 percent); yet its disenrollees also have the shortest average enrollment spell (4.3 months). The combination of Utah's zero grace period and its higher-than-average premiums may have prompted participants to disenroll involuntarily because of job loss or failure to pay the premium.[2]

Are Disenrollees Demographically Different From All Enrollees?

In general, we did not find any large demographic differences between disenrollees and all first-time Buy-In participants. About three-fourths of disenrollees are white, and less than 10 percent are African American. This is comparable to the racial distribution of all first-time enrollees. The most common type of impairment among both disenrollees and all first-time enrollees is mental illness, followed by developmental disability and sensory disorder.[3] However, disenrollees are slightly younger than all first-time enrollees.

How Did Participation in Other Public Programs Change After Disenrollment?

Participation in DI and SSI. The rate at which disenrollees participated in the Social Security Disability Insurance (DI) and Supplemental Security Income (SSI) programs in the year before enrolling in the Buy-In program is slightly lower than the rate for all first-time enrollees. Nearly two-thirds (64 percent)

[2]Utah charged a premium to nearly 100 percent of Buy-In participants in 2007, with a monthly average of $121. For the premium requirements of other states, see http://www.cms.hhs.gov/TWWIIA/Downloads/2008GPRAReport.pdf.

[3]Race information is missing for 11 percent of enrollees and 12 percent of disenrollees; type of impairment is missing for 25 percent of both.

TABLE 1. MEDICAID BUY-IN ENROLMENT AND DISENROLLMENT, 2000-2006, BY STATE

State (implementation month/year)	Disenrollees	
	Total no. (% first-time)	Months in Buy-In before disenrollment
All states	**76,290 (43.1)**	**13.6**
MA (07/97)	14,523 (58.5)	13.0
SC (10/98)	104 (77.6)	22.2
OR (02/99)	1,031 (61.1)	17.4
NE (07/99)	298 (69.5)	15.0
AK (07/99)	566 (67.6)	12.1
MN (07/99)	6,785 (53.7)	16.2
ME (08/99)	2,250 (72.6)	11.1
VT (01/00)	1,169 (60.9)	10.0
NJ (02/00)	1,050 (30.0)	17.4
IA (03/00)	6,093 (36.1)	18.9
WI (03/00)	5,781 (33.9)	14.6
CA (04/00)	2,660 (46.4)	12.4
CT (10/00)	3,625 (39.8)	13.0
NM (01/01)	1,153 (45.7)	18.8
AR (02/01)	247 (70.8)	15.3
UT (06/01)	1,607 (67.6)	4.3
IL (01/02)	830 (50.7)	13.0
PA (01/02)	4,979 (43.7)	12.4
WA (02/02)	554 (36.3)	13.4
NH (02/02)	1,883 (53.7)	13.9
IN (07/02)	10,257 (60.7)	11.8
KS (07/02)	771 (42.7)	15.5
WY (07/02)	13 (31.7)	9.7
MO (07/02)	5,899 (22.2)	12.0
AZ(01/03)	557 (36.8)	15.7
NY (07/03)	236 (5.0)	9.2
LA (01/04)	567 (37.9)	12.9
MI (01/04)	526 (37.6)	7.3
WV (05/04)	139 (23.2)	9.6
ND (05/04)	123 (23.0)	9.6
NV (07/04)	14 (43.8)	11.4

Notes: First-time enrollees are defined as those who participated in the Medicaid Buy-In program for the first time between January 2000 and November 2006. Of these, disenrollees are those who left the program between February 2000 and December 2006 and stayed off the program for at least 12 consecutive months.
Source: Buy-In enrollment information from 31 states.

of disenrollees received DI payments compared with 70 percent of all first-time enrollees, and an equal share of both groups (about 17 percent) received SSI payments in the year before enrolling in the Buy-In. Thirty-two percent of disenrollees did not receive federal disability benefits, compared with 27 percent of all first-time enrollees.[4]

In the year after they left the program, a smaller proportion of disenrollees received SSI benefits, compared to the year before they enrolled (11 percent vs. 17 percent).[5] On the other hand, the proportion of disenrollees who received DI benefits changed little over the same period: from 64 percent before enrollment to 63 percent after disenrollment. The same is true for the proportion of disenrollees who did not receive DI benefits: 32 percent before enrolling vs. 34 percent after disenrolling.

Medicaid and Medicare Coverage.[6] In the year before Buy-In enrollment, approximately one-third of disenrollees were covered by Medicaid only, eight percent were covered by Medicare only, 43 percent were covered by both programs for at least one month (not necessarily at the same time), and 15 percent had no coverage from either program in the entire year. The patterns are similar for all first-time enrollees.

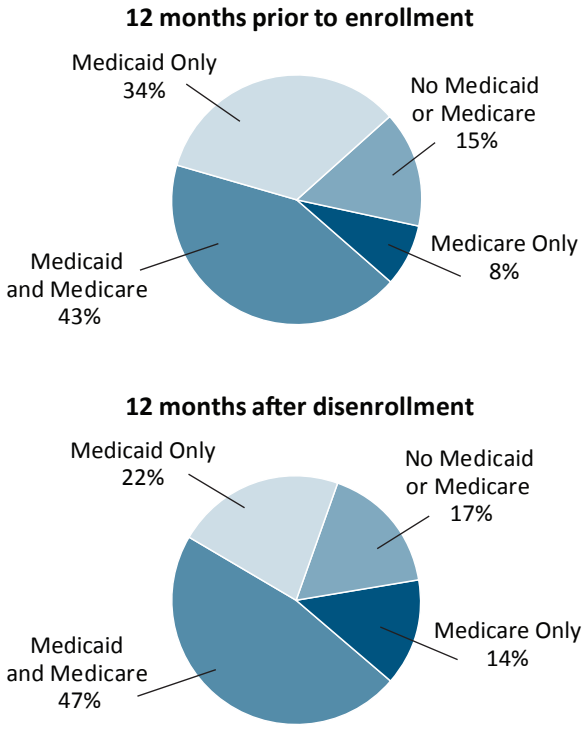
One month after leaving the Buy-In program, 23 percent of disenrollees were covered by Medicaid alone, presumably because they moved to an eligibility category different from the Buy-In; 16 percent were covered by Medicare alone; and 39 percent were covered by both programs. The most striking finding is that nearly a quarter (22 percent) of disenrollees had no Medicaid or Medicare coverage immediately following disenrollment.

On the other hand, if we look at disenrollees not at one month, but at 12 months after they left the Buy-In, the proportion without Medicare or Medicaid coverage for the entire 12 months is somewhat lower, at 17 percent, which is close to what was observed one year before they enrolled (Figure 1). However, among those covered by Medicare or Medicaid, the distribution between the two programs had changed. The proportion of disenrollees who were covered by Medicaid alone dropped from 34 percent in the year before Buy-In enrollment to 22 percent in the year after disenrollment, while the proportion covered by Medicare alone increased from 8 percent to 14 percent. In addition, the share of those covered by both programs increased from 43 percent to 47 percent. These figures are not surprising, considering that many new DI beneficiaries might have sought Buy-In coverage during the 24-month waiting period for Medicare eligibility.

What Are the Employment Outcomes of Disenrollees?

Buy-In participants could have disenrolled for any number of reasons, ranging from a job loss, to a substantial increase in earnings, to access to alternative sources of health coverage. To date, there has been no systematic examination of the reasons behind the decision to disenroll. A handful of states (Kansas, Louisiana, Massachusetts, Minnesota, and Wisconsin)

Figure 1. Medicaid and Medicare Participation Status of Buy-In Disenrollees



Notes: Analysis is limited to 29,670 disenrollees between January 2000 and December 2004. Program participation status is determined on the basis of enrollment in any month during the 12-month period. A person with both Medicaid and Medicare does not have to be enrolled in the two programs at the same time.
Data source: Buy-In enrollment information from 31 states linked with monthly enrollment data from Medicaid Analytic Extract and Medicare Enrollment Data Base.

[4]The percentages sum to more than 100 due to concurrent participation in SSI and DI.

[5]This might be a reflection of the fact that new DI beneficiaries received SSI during the five-month waiting period, only to become ineligible afterwards because the higher DI benefits completely offset the SSI benefits.

[6]Because of limitations in the availability of data, we used a subset of disenrollees to examine Medicare/Medicaid status (see the box on "Data and Methods" at the end of this brief).

that have collected such information (mostly through surveys) all found that the loss of employment is among the most common reasons for disenrolling.[7] The results from our analysis of employment outcomes among disenrollees are consistent with this finding.

Employment Rate. One year before enrolling in the Buy-In program, about 72 percent of disenrollees reported positive earnings, which is slightly higher than the share of all first-time enrollees who reported earnings (67 percent). In the year after leaving the Buy-In program, however, only 52 percent of disenrollees reported positive earnings, which represents a reduction of 20 percentage points, or a 28 percent decrease, compared to the pre-enrollment period. None of the states escaped this drop in the employment rate. The eroding employment status—though perhaps more prevalent among disenrollees—is not unique to them, as evidenced by the falling employment rate during the same time period not only among all Buy-In participants but also among the general population with disabilities. This pattern could reflect the 2001-2003 economic recession and other environmental factors.[8]

Earnings Above the SGA. In addition to being employed, the ability of Buy-In participants to increase their earnings above the substantial gainful activity (SGA) level is another measure of employment outcomes, as it represents less dependence on federal disability benefits. About 23 percent of disenrollees reported earnings above the SGA level in the year before they enrolled in the Buy-In (compared to 20 percent among all first-time enrollees). In the year after they disenrolled, the proportion who reported earnings above the SGA level fell by 27 percent (or 6 percentage points) to about 17 percent.[9] This decline is similar to the decline in employment rate shown above.

Most states saw a decline in the share of disenrollees earning above the SGA level after they left the program, ranging from a 4 percent reduction in Kansas to as high as a 78 percent reduction in New Mexico. But there are a few exceptions (Figure 2). In four states—Connecticut, Nebraska, Illinois and Arizona—the proportion of disenrollees earning above the SGA level was higher in the year after they disenrolled than it was in the year before they enrolled. Connecticut experienced the greatest increase at 21 percent, followed by Nebraska at 11 percent, Illinois at about 3 percent, and Arizona at one percent. There was no change in Nevada.

Previous studies have found that Buy-In participants who do not receive DI or SSI benefits have higher earnings than those who do (see, for example, Gimm et al. 2007). We too found that the employment picture is better among disenrollees who do not receive these benefits—both before they enrolled in the Buy-In and after they disenrolled. However, this interpretation of the data masks the fact that, for the disenrollees in our study, there was a drop in both the employment rate and the percentage with earnings above the SGA level from the year before enrollment to the year after disenrollment—regardless of DI/SSI status.

Disenrollees with Improved Earnings. On average, fewer disenrollees had positive earnings or earnings above the SGA level in the year after leaving the program relative to the year before they enrolled. But even so, nearly 30 percent of them improved their earnings from one period to the next. That is, they either had no reported earnings in the period before they enrolled and reported positive earnings after they disenrolled; or they had positive earnings in both periods and reported higher earnings after disenrollment.

The exact proportion of disenrollees who experienced the increase varies by state. Among the group of disenrollees who reported positive earnings in both periods and higher earnings in the post-disenrollment period, the average increase was $7,920, or 85 percent of the average earnings among disenrollees with positive earnings in the year before they enrolled. In particular, 13 percent of disenrollees who reported positive earnings below the SGA level before they enrolled jumped over the SGA threshold in the year after they disenrolled; and among disenrollees who reported earnings above the SGA level before they enrolled, 37 percent maintained earnings above this level in the year after they left the program.

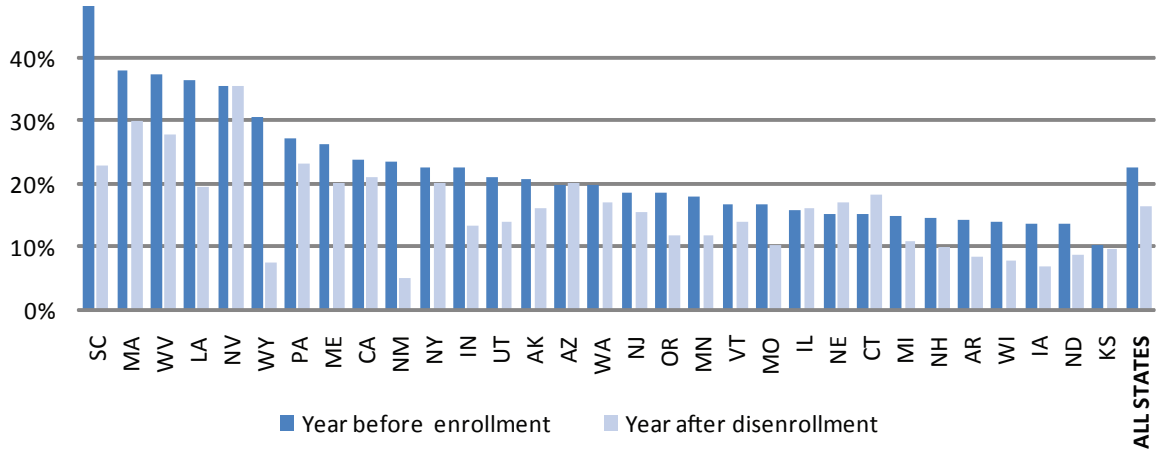
Factors Contributing to Employment Outcomes. It is likely that certain features of the state Buy-In programs contributed to the cross-state variation in employment outcomes of disenrollees. Stricter work requirements or verification processes, shorter grace periods for involuntary job loss or medical leave, and higher premiums could increase the likelihood of disenrollment

[7]Other reasons may include failure to pay premium, failure to provide requested verification, eligible for Medicaid through other categories, eligible for Medicare, income above the Buy-In threshold (could be due to marriage or other changes in circumstances), death, and so on. Selected state reports are available at www.migrats.org.

[8]The employment rate among all Buy-In participants in the 31 states from which we drew our sample of disenrollees fell from 84 percent in 2001 to 69 percent in 2007 (authors' calculations based on statistics provided in Gruman et al. 2008). The employment rate of the U.S. population with disabilities dropped from 24.4 percent in 2000 to 18.8 in 2007 (Bjelland et al. 2008).

[9]The decline pattern holds true even if we restrict the sample to disenrollees who reported positive earnings.

Figure 2. Proportion of Buy-In Disenrollees with Earnings Above SGA Level, by State



Data source: Buy-In enrollment information from 31 states linked with calendar-year earnings data from SSA's Master Earnings File.

as participants lose jobs. Mortality is another factor. Across all states, at least six percent of disenrollees died while in the Buy-In program or within one year after they disenrolled. This relatively high incidence of mortality contributed to lower employment and program participation rates after disenrollment. It also illustrates the fragile health of this population; indeed, some disenrollees may have lost their job because their health deteriorated.

Policy Implications

The Medicaid Buy-In program was envisioned by many as a pathway for workers with disabilities to maintain public health coverage while increasing earnings. Although it has served more than 200,000 individuals since inception and many of them continue to utilize the program, our findings show that Buy-In alone may not be enough to realize this goal. Forty-three percent of first-time Buy-In participants have left the program from 2000 through 2006, and many of them appear to be vulnerable to a host of stressors.

First, the majority of disenrollees lost a job or earned less money regardless of whether they participated in DI or SSI. This finding not only suggests that staying employed may be even harder than finding employment; it also underscores the importance of employment support services, which, though may not be directly provided by the Buy-In program, are critical to promoting employment among people with disabilities.

Second, immediately after leaving the Buy-In program, nearly a quarter of disenrollees went without Medicaid or Medicare coverage. Given the lower employment rate of disenrollees and the high price of nongroup coverage, these individuals are not likely to have private insurance. Although some of them secured public coverage in the 12 months after leaving the program, the time between the end of Buy-In coverage and the beginning of the new coverage, no matter how short, suggests that access to health care services is seriously disrupted, especially for services covered only by Medicaid. That gap could be particularly life-threatening for disenrollees who lost their job because of deteriorating health. This scenario calls for better coordination within Medicaid to ensure that eligible people are continuously covered.

Finally, although it is difficult to track individuals who leave the Buy-In program, this is the only way to discern the reasons for disenrollment, learn about the experiences of disenrollees, and determine how the program could serve people with disabilities effectively and better target those who have the most to gain from participation. Our study shows that some disenrollees, though a minority, had better employment outcomes relative to their pre-enrollment situation. Thirty percent of disenrollees increased their earnings while on the program, including six percent who reported earnings below the SGA level before enrolling and above the SGA after disenrolling. It is possible that some of these disenrollees earned enough to exceed the income threshold for eligibility in the Buy-In. Further research on who these most successful people are, how they got there, and how they have fared after disenrollment may shed light on ways to improve the outreach and program design, thus making Medicaid Buy-In the bridge to sustained employment that it was intended to be.

DATA AND METHODS

Data for this analysis come from state enrollment records in the Medicaid Buy-In finder files from 31 states linked with administrative data from the Centers for Medicare & Medicaid Services (CMS) and the Social Security Administration (SSA). The study population includes Buy-In participants who were enrolled in the program for the first time between January 2000 and November 2006. The focus of our analysis is a subgroup of these participants who disenrolled from the program between February 2000 and December 2006, and stayed off the program for at least 12 consecutive months. We restricted our study population in this way in order to differentiate between individuals who remain disenrolled for an appreciable amount of time from those who churn in and out of the program with only a short "off" period. The distinction also allowed us to look at the program participation and earnings status of disenrollees during a well-circumscribed period of time when they were not enrolled.

Data on *annual* earnings were obtained from SSA's Master Earnings File, which comprises data derived from tax reports but may not include all possible earnings such as cash income from casual employment or earnings from sheltered workshops. The pre-enrollment and post-disenrollment periods for the analysis of employment outcomes are defined as the calendar year before enrollment and the calendar year after disenrollment, respectively.

Data on participation in SSI and SSDI were obtained from the SSA's Ticket Research File (TRF), which contains longitudinal data on individuals ages 18 to 65 who participated in the SSI or DI programs at any time from March 1996 to December 2007. The pre-enrollment and post-disenrollment periods for the analysis of SSI/DI participation are defined as the 12 months preceding the month of enrollment in the Buy-In program and the 12 months following the month of disenrollment, respectively. A person was considered an SSI or DI participant if he or she received federal disability benefits in any month during the 12-month period.

Data on Medicaid and Medicare participation were from CMS's Medicaid Analytic eXtract (MAX) and Medicare Enrollment Data Base files, which contain eligibility and enrollment data for Medicaid and Medicare, respectively. The pre-enrollment and post-disenrollment period for Medicaid and Medicare participation analysis are defined as they are defined for SSI/DI analysis. At the time of the study, the MAX data were available only through 2005. Therefore, for this part of the analysis, we further restricted the study population to the 29,670 disenrollees who participated in the Buy-In between January 2000 and December 2004.

Personal characteristics such as age, race, gender and type of impairment were captured in the first month of enrollment from the Buy-In finder files and the TRF.

The pre-enrollment to post-disenrollment changes among disenrollees in the key dimensions discussed in this brief (SSI/DI status, Medicaid/Medicare status, proportion with positive earnings, and proportion with earnings above the SGA level) are all statistically significant at the conventional level ($p<0.01$).

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