

**MEDICAID BUY-IN FOR WORKING
PEOPLE WITH DISABILITIES**

House Bill 4270
Sponsor: Rep. Stephen Ehardt
Committee: Health Policy

Complete to 4-9-03

A SUMMARY OF HOUSE BILL 4270 AS INTRODUCED 2-25-03

Federal legislation enacted in 1997, and expanded in the Ticket to Work and Work Incentives Improvement Act (TWWIA) of 1999, allows states to extend Medicaid coverage to working people with disabilities whose incomes otherwise would disqualify them from the program. The bill would amend the Social Welfare Act (Public Act 280 of 1939) to require the Department of Community Health (DCH) to establish a program to provide medical assistance to certain individuals with disabilities. Depending on their “qualifying income”, individuals could be required to pay premiums for assistance.

Medicaid eligibility. Under the Social Welfare Act, in order to be eligible for Medicaid, an individual must satisfy certain criteria described in the act’s definition of a “medically indigent individual.” Individuals receiving aid to dependent children (now Temporary Assistance to Needy Families, or TANF), or Supplemental Security Income (SSI) or state supplementation under the federal Social Security Act, are automatically eligible for Medicaid. Other people are eligible for Medicaid if they meet certain other conditions, including having an annual income that is below--or because of medical expenses falls below--a “protected basic maintenance level.” (The protected level for one- and two-person families cannot be less than the higher income level of the payment standards generally used to determine eligibility in either the Family Independence program or the SSI program. For families with three or more people, the protected income level can be no less than the payment standard generally used to determine eligibility in the Family Independence program.) Other eligibility conditions also apply, including that the individual has no other public or private medical insurance to pay for the needed medical assistance, caps on liquid or marketable assets, and certain other conditions.

The bill would retain the current eligibility criteria for Medicaid but would add a section to the act requiring the DCH to establish a new program to provide medical assistance to any person with a “qualifying income”, as long as he or she met the following four requirements:

- was between 18 and 65 years of age;
- had a disability according to the federal SSI program’s criteria (excluding the program’s earnings and resources criteria);
- was a medical assistance recipient under the (state) act, or became eligible to receive and had started receiving medical assistance within 12 months before applying for medical assistance benefits under the new medical assistance program proposed by the bill; and
- paid a premium if required (see below).

House Bill 4270 (4-9-03)

Any spousal income or assets would be disregarded for the purposes of eligibility and premium payment determinations.

“Qualifying income”. The bill would define “qualifying income” as wages or salary subject to withholding under (Subchapter A of Chapter 24 of Subtitle C, or 26 USC 3401 to 3406 of) the Internal Revenue Code of 1986. The Internal Revenue Code defines “wages” as “all remuneration (other than fees paid to a public official) for services performed by an employee for his employer, including the cash value of all remuneration (including benefits) paid in any medium other than cash”, with certain exceptions.

Premiums. The bill would require an individual whose qualifying income was greater than 250 percent of the federal poverty guidelines (see below) for the applicable family size to pay a premium to be eligible for medical assistance. The premium could not be more than 7.5 percent of the individual’s qualifying income and could not exceed the cost of coverage. If the individual had qualifying income above \$75,000, the DCH could require the individual to pay 100 percent of the premium. The amount of a required premium would be determined when an individual applied to the program, and would be redetermined annually at the time of recertification or at the time that the individual’s qualifying income or family size changed.

All premiums collected would be dedicated to the general fund and could be used only for the state Medicaid program. A premium payment would be due when the DCH notified the individual of the premium amount, and a premium could be paid in installments at the DCH’s discretion.

(The 2003 federal poverty guideline for a single person in Michigan is \$8,980, so an otherwise eligible single person would have to pay a premium if his or her qualifying income exceeded \$22,450 to receive medical assistance under the new program. For each additional family member the guideline increases by \$3,140, and so the qualifying income level at which an eligible person would have to pay a premium to receive assistance under the new program would rise by \$7,850.)

Update references. The bill would replace current references to “aid to dependent children” with “Family Independence program benefits,” and references to “the state department [of Social Services]” with “the Family Independence Agency.”

MCL 400.106 and 400.106a

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.