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How Do Employment Outcomes of Medicaid Buy-In Participants Vary Based on Prior Medicaid Coverage? An Example from Massachusetts

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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 ("Ticket Act"), 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 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 specific needs, resources, and objectives. As of July 1, 2008, 33 states with a Medicaid Infrastructure Grant (MIG) reported covering 82,488 individuals in the Medicaid Buy-In program.

The CommonHealth Working (CHW) program in Massachusetts is the oldest Buy-In program in the nation. It began in 1988 as a state-funded program and was folded into the state's 1115 Medicaid research and demonstration project in 1996. This issue brief, the eighth in a series on workers with disabilities, compares the employment outcomes of newly enrolled CHW participants based on whether or not they were previously enrolled in MassHealth, Massachusetts's Medicaid program, under another eligibility category. For those who had been enrolled in MassHealth, employment outcomes before and after CHW enrollment are contrasted.

Policymakers concerned with the Medicaid Buy-In are especially interested in the employment outcomes of people with disabilities who were previously enrolled in Medicaid through an eligibility category other than the Buy-In. Consequently, this brief addresses three questions: Among new CHW participants, how many were enrolled in, and how many were new to, MassHealth? How do employment outcomes vary according to whether CHW participants were once enrolled in MassHealth? And how do employment outcomes of participants who were once enrolled in MassHealth change after they enrolled in CHW?

To address these questions, we used administrative data on individuals who enrolled in CHW for the first time between July 2004 and June 2006 (see the box on page 4 for more detail on data and methods). Differences in employment, hours worked, earnings, and private health insurance coverage were contrasted for two groups: (1) CHW enrollees who were not enrolled in any

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THE MASSACHUSETTS MEDICAID BUY-IN PROGRAM, COMMONHEALTH WORKING (CHW)

CHW enables people with disabilities to purchase standard Medicaid benefits through an income-adjusted premium if individual or family earnings exceed 133 percent of the federal poverty level. Some key features of CHW include (1) an eligibility threshold of 40 hours of work per month,[1] intended to place more emphasis on work effort than on earnings; (2) no income or asset ceiling that might disallow Medicaid coverage with increases in income or assets; and (3) "wrap-around" coverage for a reduced premium that pays for covered services not available through private policies for those who have such coverage.

[1]Such thresholds are not allowed for Buy-In programs operating under the BBA or the Ticket Act.

MassHealth program in the preceding 12 months and (2) CHW enrollees who were enrolled in the past year for at least one month in a (non-CHW) MassHealth program. For the latter, we assessed how employment outcomes changed after they enrolled in CHW.

How Many CHW Participants Had Prior MassHealth Coverage?

Between July 2004 and June 2006, 8,176 individuals enrolled in CHW for the first time. In the year before they enrolled, a majority of new participants (61 percent) had at least one month of non-CHW MassHealth coverage. The remainder (39 percent) were not enrolled in any MassHealth program in the year before enrolling in CHW.

How Do Employment Outcomes for CHW Participants Vary by Prior MassHealth Coverage?

Table 1 shows that after CHW enrollment, the percent of participants who were employed was higher among those with prior MassHealth coverage than those without (75 percent compared with 70 percent). However, among CHW participants who were working, those with prior MassHealth coverage worked fewer hours each month on average (86 hours compared with 98 hours for those without prior MassHealth coverage), had lower monthly earnings ($807 compared with $1,042), and were less likely to have private health insurance coverage (9 percent compared with 16 percent).

The average CHW participant in both groups worked many more hours than the 40-hour-per-month minimum eligibility requirement. Indeed, the results suggest that participants in both groups worked approximately half time. In addition, the average hourly wage of both groups ($9.30 for those with prior MassHealth coverage and $10.79 for those without it) was well above both the federal and the Massachusetts hourly minimum wage in 2006 ($5.15 and $6.75, respectively). However, median earnings among both groups were below the substantial gainful activity (SGA) limits set by the Social Security Administration for federal disability programs ($860 in 2006). This suggests that the SGA limit may inhibit CHW participants, the majority of whom also receive federal benefits, from working more than they currently do.

TABLE 1. EMPLOYMENT OUTCOMES AFTER CHW ENROLLMENT AMONG INDIVIDUALS WHO ENROLLED IN CHW BETWEEN JULY 2004 AND JUNE 2006

	Prior MassHealth Coverage	
	No	**Yes**
Percent employed	70 percent	75 percent
Monthly hours worked		
Mean	98	86
Median	86	73
Monthly earnings		
Mean	$1,042	$807
Median	$827	$645
Private health insurance coverage	16 percent	9 percent

Notes: Outcomes other than employment were averaged over months when an individual was enrolled in CHW and was employed. Differences in rates of employment, hours, earnings, and private health insurance coverage between the two groups are statistically significant.

Source: MassHealth administrative data.

How Do the Employment Outcomes of Participants Previously Enrolled in MassHealth Change After They Enroll in CHW?

To compare employment outcomes before and after enrollment, we examined data for a subset of the 4,979 individuals who were enrolled in MassHealth before CHW. These 1,431 individuals not only had prior MassHealth coverage, but were continuously

enrolled in CHW for at least 12 months. This group had a large increase in the proportion employed after CHW enrollment—from 36 percent in pre-enrollment months to 86 percent after enrollment (Figure 1). On average, other employment outcomes also improved among this group. Their average monthly earnings increased by 140 percent from $265 to $634, monthly hours worked increased by 150 percent from an average of 28 to 70 hours, and the share with private health insurance coverage increased by 22 percent from 9 to 11 percent.

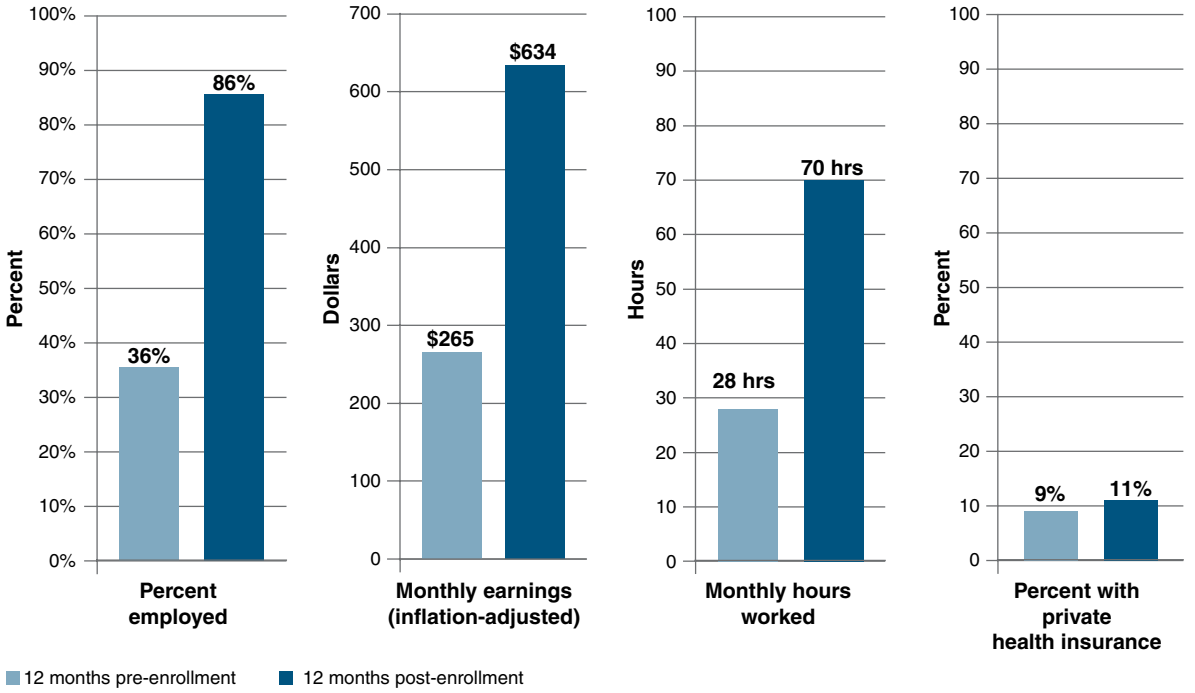
The force behind these increases was growth in the share of CHW participants who became employed after enrolling in CHW. In other words, employment outcomes among those who were working were the same in the months after they enrolled in CHW enrollment as they were before they enrolled. Among workers, the average hours worked (81 hours), average earnings ($742), and the rate of private health insurance coverage (10 percent) were virtually unchanged after enrollment.

Implications and Direction for Future Research

The Massachusetts findings suggest that most Buy-In participants are likely to come from another Medicaid program, but that the Buy-In also attracts people not previously covered by Medicaid. Newly employed enrollees without prior Medicaid coverage work more hours and earn more than their counterparts with prior (non-Buy-In) Medicaid coverage. Nonetheless, the rate of employment among Buy-In enrollees with prior Medicaid coverage will likely rise substantially after enrollment. While the Buy-In program allows participants to work without losing their Medicaid coverage, a large proportion of participants can still be expected to have earnings under SGA. States should consider these factors when evaluating their Buy-In programs.

The results presented in this brief apply only to a select group of CHW participants, namely new enrollees. In addition, the legislative authority for CHW is different from that for any other Buy-In program

Figure 1. Pre-enrollment and post-enrollment employment outcomes among those with prior MassHealth coverage who enrolled in CHW between July 2004 and June 2006



Notes: Outcomes displayed are for a select group of participants (n=1,431) with prior MassHealth coverage during the 12 months before enrollment in CHW and with 12 months of continuous participation after enrollment in CHW. All outcomes were averaged over months individuals were enrolled in either a (non Buy-In) MassHealth program or in CHW. All changes from pre- to post-CHW enrollment are statistically significant.

Source: MassHealth administrative data.

DATA AND METHODS

MassHealth administrative data were used to determine that 8,176 individuals enrolled in CHW for the first time for at least one month between July 2004 and June 2006 (corresponding to the state's fiscal years 2005 to 2006). MassHealth enrollment records were used to split these enrollees into two groups: (1) 3,197 individuals who enrolled in CHW after July 1, 2004, but did not have MassHealth coverage in the 12 months prior to enrollment; and (2) 4,979 individuals who enrolled in CHW after July 1, 2004, but were covered by (non-CHW) MassHealth in all or some of the 12 months before enrollment. These two groups account for new enrollees in CHW during fiscal years 2005 and 2006, but this analysis does not consider individuals who were already enrolled in CHW at the start of the study period.

Administrative data on these participants provided information on their employment, earnings, and private health insurance coverage for all of the months they were enrolled in MassHealth. Thus, those who enrolled in CHW earlier in the study period potentially had more months of post-enrollment data available for study than those who enrolled later in the study period. Participants' self-reported monthly earnings (adjusted for inflation to 2006 dollars) and hours worked are recorded in MassHealth eligibility determination data—obtained at the initial application for a MassHealth program—and are updated during annual eligibility reviews (or more frequently if there is a change in earnings or employment). The data are verified via pay stubs or other documentation and are checked against state unemployment insurance records.

Employment was defined as having non-zero earnings in a given month; the percent employed was calculated by summing the total number of months with earnings greater than zero and then dividing by the total number of months of enrollment in CHW across all individuals. For outcomes other than the percent employed, average values were calculated by summing across all individuals and dividing by the total number of months. In Table 1, only months when individuals were employed were included to calculate averages other than the percent employed; Figure 1 averages include all enrollment months, regardless of employment status in a particular month.

in the nation, and several programmatic features may have influenced the outcomes of participants. Finally, the data did not allow for a pre-post comparison of CHW participants new to MassHealth; nor did the data permit additional analysis of differences by participants' characteristics. Therefore, care should be taken when generalizing the findings to other states or to Buy-In programs as a whole. Additional state-level or national studies are needed to determine whether other programs have similar results to those presented here.

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