

**A REPORT
TO THE SOUTH CAROLINA DEPARTMENT OF
HEALTH AND HUMAN SERVICES**

**“A POSSIBLE POLICY RESPONSE TO ENCOURAGE
PERSONS WITH DISABILITIES TO SEEK
EMPLOYMENT”**

**DEVELOPED BY SYSTEM WIDE SOLUTIONS OF COLUMBIA, S.C.
UNDER CONTRACT TO THE CENTER FOR DISABILITY RESOURCES,
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INTRODUCTION

The following statement was developed following the completion of interviews with business leaders in the state. These interviews were designed to ascertain the business leaders ideas regarding the employment of persons with disabilities and the barriers to such employment. As with persons with disabilities themselves, one of the chief barriers mentioned was difficulties with health coverage.

The motivation of persons with disabilities regarding the need for health coverage is simply that they know they need to lead relatively comfortable lives, or to even survive in some instances. Persons with disabilities must also take into considerations waiting periods before they can be covered and co-pays and deductibles. Employers have a more complex set of motivations regarding health coverage for persons with disabilities, however.

Employers must look at their entire work force and the costs of the health coverage for that work force. Costs are determined by the experience of the costs of the entire work force over time. If those costs go up because of the experience of a few people, the costs impact on everyone, including the costs to the employer. The employer must also think about what coverage to offer, when it should be offered and how it should be offered. All of these decisions have effects on the costs of the products of the company, and therefore on the ability of the company to stay in business. This is especially true of small companies.

Employers have many reasons to employ persons with disabilities, or at least have few objections to employing persons with disabilities. If the health care coverage dilemma can be dealt with in an equitable manner that is fair to everyone involved, including the taxpayer, employers would be more likely to hire persons with disabilities.

The following information was provided to individuals and groups that requested the information for use in understanding the possibilities for policy change in South Carolina which might be helpful in dealing with the health care coverage issue with persons with disabilities who wish to work.

EMPLOYMENT OF THE DISABLED AND THE MEDICAID BUY-IN PROGRAM

South Carolina, as the Governor recently said, faces an economic anomaly. The state has created jobs at a phenomenal rate over the last three years, yet has a relatively high unemployment rate and relatively low per capita income. There are places in the state, such as the coast, that are at full employment. While there is probably no single answer to these apparent contradictions, one possibility is that South Carolina does not have the potential employees with the appropriate education and skills in the right places at the right time.

One part of the answer to this problem would be bringing into the employment market untapped populations of potential workers who are not employed, such as persons with disabilities. According to the most recent report from the Census Bureau 14.15% of all working age persons in South Carolina have disabilities. Of these 31.9% are employed. Among working age persons who are not disabled, 74.3% are employed.

Changes in health care, technology, social attitudes and employer needs make it possible for persons with disabilities to work now who couldn't work in the past, but many apparently do not. On-going research under the Medicaid Infrastructure Grant in South Carolina is identifying what the barriers are that are keeping persons with disabilities from working. From both the disabled and employers' points of view, the number one impediment is health care coverage. The first step in getting persons with disabilities employed must therefore be to overcome the health care coverage barrier.

Fortunately, there is a way to do this by modifying the present Medicaid for the Working Disabled program of the SC Department of Health and Human Services. This type of program is commonly called a Medicaid Buy-In program, in that federal law allows states to charge persons who are disabled and become employed for their Medicaid coverage. As things usually stand, when someone who is disabled and is receiving Medicaid begins to make more money, they lose their Medicaid. Their employer may not have health insurance, or may not be able to cover the individual. So a disincentive to work is created.

States can establish Buy-In programs either under the Balanced Budget Act of 1997 (BBA) or the Ticket to Work and Work Incentives Improvement Act of 1999 (the Ticket Act). Each one makes Medicaid coverage available to workers with disabilities who are otherwise ineligible because of income or assets. By raising income and asset eligibility levels, both laws allow low-income adults with disabilities to retain their health care benefits as their earnings rise. This reduces the disincentive to work created by the possibility of losing Medicaid coverage after becoming employed.

Under the BBA, states can add a Buy-In program to their regular Medicaid program by creating a new eligibility group for adults with disabilities who are working but do not qualify for Medicaid because their income or assets are too high. Eligibility is based on two financial criteria: (1) net family income must be less than 250 percent of the federal poverty line after

the appropriate income disregards are applied and (2) an individual's monthly countable unearned income must be less than the benefit amount for the Supplemental Security Income (SSI) program). This is what South Carolina has done. South Carolina also chose not to charge for the Medicaid coverage. The program has not been terribly successful, for a number of reasons, and has approximately 35 persons enrolled in it.

Under the Ticket Act, states can establish their own income and asset standards, including having no income limits at all. This is called the Basic Coverage Group. The Ticket Act also adds a new eligibility group called the Medical Improvement Group. This group covers individuals who lose eligibility under the Basic Coverage Group because they have a medical condition that has improved to the point at which the Social Security Administration (SSA) determines that he or she no longer has a disability. The states which have more successful Buy-In programs have used this method for establishing their programs. Using this method, there is a potential for an increase in the number of Medicaid recipients, although a study from the University of South Carolina Darla Moore School of Business estimates that 85% of enrollees would simply transfer from another Medicaid category and go to work, and any increase in costs would be more than made up for through increased economic activity, even if the recipients were not charged for the Medicaid coverage. If the recipients were charged on a sliding scale according to income, people who now receive their Medicaid for no cost would be paying for at least part of it.