

WORKING HEALTHY*Making health care work*

Policy Brief

UNIVERSITY OF KANSAS MEDICAID INFRASTRUCTURE CHANGE EVALUATION PROJECT

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Will Medicaid Buy-In Participants Work and Earn More if Social Security Rules Change?

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BACKGROUND

When Congress was working to develop the Ticket to Work/Work Incentives Improvement Act legislation, a commonly cited figure was that less than ½ of 1% of people in federal disability programs ever earn enough to exit the programs. With the tremendous growth in the disability rolls over time, Congress recognized a need to provide more incentives for beneficiaries to work and thus stem the cost of cash and health care benefits. One of the demonstration projects authorized by the Ticket legislation was to investigate the effects of providing a gradual benefit offset for people receiving benefits through the Social Security Disability Insurance (SSDI) program. Under the demonstration, people would no longer experience the precipitous “cash cliff” wherein they lose all cash benefits once their earnings consistently exceeded the substantial gainful activity level (SGA; currently \$900/month). Rather, they would experience a \$1 reduction in benefits for every \$2 earned above a certain threshold, gradually decreasing their benefits as earnings increased. One of the biggest unknowns about such a program, however, is how many current beneficiaries might actually utilize it, and what factors might influence their ability to and likelihood of doing so.

Jensen and Silverstein (2005) reviewed federal actuarial estimates of potential increased earnings and program savings with a benefit offset and examined current employment and earnings trends

among Social Security beneficiaries with disabilities. Previous federal studies projected that only 0.6% of SSDI beneficiaries (or about 25,000 people nationally) would have earnings sufficient to reduce their cash benefits with a benefit offset program. Depending on various assumptions, Jensen and Silverstein predicted that about 2-4% of current SSDI beneficiaries would increase their earnings to the point of reducing their federal cash benefits with the \$1 for \$2 federal demonstration model. We surveyed participants in the Kansas *Working Healthy* Medicaid Buy-In to assess how many would likely increase their employment and earnings under a gradual offset program and the characteristics of those who thought they would do so.

FINDINGS

The *Working Healthy* Satisfaction survey was mailed in June 2006 to 943 participants in the program; 356 people returned surveys for a response rate of 38%. Sample demographics are provided in Table 1 on the following page. Four questions related to an SSDI gradual benefit offset program were included in the survey. After responding yes, no, or maybe to whether they would work and earn more if a gradual benefit offset program was offered, respondents were prompted to indicate what factors influenced their answer (see Table 2); they could indicate multiple factors.

Overall, one-fourth of the respondents indicated that they would try to work and earn more if such

One fourth of respondents said they would try to work and earn more if a gradual reduction in SSDI benefits existed rather than the current “cash cliff.”

a program were available and another fourth indicated that maybe they would. One-half said they would not change their work efforts in response to the hypothetical program change. There were no significant differences in responses with regard to age, gender, marital status, parental status, number of hours worked per week, or hourly earnings of respondents. Within disability types, however, people with mental illnesses were statistically more likely to say they would increase work and earnings (32.9%) and people with chronic illnesses and sensory disabilities were least likely to say that they would (12.7% and 11.1%).

Among all people responding “yes,” most (55.4%) reported that they would work more hours at their current job to earn more. Almost half (48.6%) indicated that they would either try to find a different job that paid more per hour and/or one where they could work more hours than currently. Others indicated they would work more than one job, get additional training, or look for work in a different field. People who answered “yes” were significantly more likely to report having turned down a raise or an increase in hours in the past due to concerns about losing benefits than were those who answered “no” ($p < .005$). Additionally, people who worked in professional jobs or who were self-employed were much more likely to say they would increase work and earnings.

People who responded that “maybe” they would work and earn more were given a choice of conditions that would prompt them to do so. Among those responding “maybe,” the most common contingency cited would be the ability to work flexible hours (63.3%). People with chronic illnesses were most likely to cite this condition of increased employment (85.7%). About one-half of “maybe” responders cited the need for more

Table 1. Respondent Demographics

Demographic Category	n	%
<u>Disability Type*</u>		
· Mental Illness	161	45.2
· Physical Disability	61	17.1
· Chronic Illness	56	15.7
· MR/DD	29	8.1
· Sensory	10	2.8
· Cognitive	9	2.5
· Traumatic Brain Injury	5	1.4
· HIV/AIDS	2	.6
· Undisclosed	23	6.5
<u>Race</u>		
· White/Caucasian	303	85.1
· Black/African American	24	6.7
· American Indian	9	2.5
· Multi-racial	5	1.4
· Unknown/undisclosed	15	4.3
<u>Ethnicity</u>		
· Non-Hispanic	281	78.9
· Hispanic	8	2.2
· Unknown/undisclosed	67	18.8
<u>Gender</u>		
· Female	183	51.4
· Male	173	48.6
<u>Marital Status</u>		
· Single	184	51.7
· Widowed/Widower	106	29.8
· Married	43	12.1
· Divorced	7	2.0
· Unknown/undisclosed	16	4.5
<u>Parental Status</u>		
· No children	290	81.5
· 1 or more children under 19	45	12.6
· Unknown/undisclosed	21	5.9
<u>Age</u>	Mean = 47.9 years (SD=9.74)	

*Note: Disability type reflects participants' self-reported primary disability.

education or training to increase earnings and slightly less than half indicated they would need improved healthcare. About one-fourth cited a need for improved transportation to and from work

Table 2. Respondent Responses

Would this SSDI gradual benefit offset change how much you try to work and earn?			
	Yes	No	Maybe
ALL RESPONDENTS (n=346)	24.9% (86)	51.2% (177)	24.0% (83)

If YES, which of the following do you think would apply to you?

Item	% of YES respondents selecting item	Disability type of YES respondents selecting item (% within disability type)						
		Mental Illness	Physical	Chronic Illness	MR/DD	Cognitive	TBI	Un-disclosed
I would work more hours at the job I have now. (n=74)	55.4%	53.7% (48.9%)	17.1% (77.8%)	4.9% (33.3%)	12.2% (100%)	--	2.4% (100%)	9.8% (66.7%)
I would find a different job where I would be paid more per hour. (n=74)	36.5%	77.8% (46.7%)	3.7% (11.1%)	7.4% (33.3%)	--	3.7% (100%)	--	7.4% (33.3%)
I would find a different job where I could work more hours to increase my pay. (n=74)	27.0%	65.0% (28.9%)	15.0% (33.3%)	10.0% (33.3%)	--	5.0% (100%)	5.0% (100%)	--
I would do other things to be able to earn more. Please list.	12.4%	<ul style="list-style-type: none"> • 4.1% work more than one job • 2.7% get additional schooling, college and/or training • 2.7% look for work in another field • 1.4% get part-time work in addition to current job to make extra money • 1.4% begin doing freelance or consulting work 						

If NO, which of the following do you think would apply to you?

Item	% of NO respondents selecting item	Disability type of NO respondents selecting item (% within disability type)								
		Mental Illness	Physical	Chronic Illness	MR/DD	Sensory	Cognitive	TBI	HIV/AIDS	Un-disclosed
My current job fits my needs. (n=168)	62.5%	35.2% (56.1%)	21.0% (66.7%)	19.0% (62.5%)	12.4% (81.3%)	3.8% (80%)	--	1.0% (50%)	1.0% (100%)	6.7% (87.5%)
My disability prevents me from working more hours or working a different job. (n=168)	57.1%	37.5% (54.5%)	27.1% (78.8%)	20.8% (62.5%)	6.3% (37.5%)	2.1% (40%)	4.2% (80%)	1.0% (50%)	--	1.0% (12.5%)
I don't think I'll be able to find a job that will result in earning more than \$860/month. (n=168)	25.6%	44.2% (71.2%)	23.3% (30.3%)	16.3% (21.9%)	9.3% (25.0%)	2.3% (20%)	2.3% (20%)	2.3% (50%)	--	--

Table Continues on page 4

Table 2 Continued

If NO, which of the following do you think would apply to you?

Item	% of NO respondents selecting item	Disability type of NO respondents selecting item (% within disability type)									
		Mental Illness	Physical	Chronic Illness	MR/DD	Sensory	Cognitive	TBI	HIV/AIDS	Un-disclosed	Un-disclosed
I do not have the skills or experience to earn more or get another job. (n=168)	20.2%	47.1% (24.2%)	14.7% (15.2%)	17.6% (18.8%)	17.6% (37.5%)	2.9% (20%)	--	--	--	--	--
There are not services available to help me be able to work more. (n=168)	6.0%	40.0% (6.1%)	30.0% (9.1%)	30.0% (9.4%)	--	--	--	--	--	--	
I would do other things to be able to earn more. Please list:	1.2%	<ul style="list-style-type: none"> • 0.6% start own business to control the stress level that occurs when working for someone else & managing disability • 0.6% pursue further education to obtain a degree 									

If MAYBE, which of the following do you think would apply to you?

Item	% of MAYBE respondents selecting item	Disability type of MAYBE respondents selecting item (% within disability type)									
		Mental Illness	Physical	Chronic Illness	MR/DD	Sensory	TBI	Un-disclosed	Un-disclosed	Un-disclosed	
But at my job I would need flexible hours so I can deal with my health needs. (n=79)	63.3%	52.0% (72.2%)	14.0% (53.8%)	24.0% (85.7%)	2.0% (16.7%)	2.0% (33.3%)	2.0% (50%)	4.0% (40%)	--	--	
But I would need more education or training and then I could earn more. (n=79)	49.4%	41.0% (44.4%)	17.9% (53.8%)	20.5% (57.1%)	7.7% (50%)	2.6% (33.3%)	2.6% (50%)	7.7% (60%)	--	--	
But I would need improved healthcare. (n=79)	44.3%	40.4% (38.9%)	22.9% (61.5%)	20.0% (50%)	8.6% (50%)	2.9% (33.3%)	2.9% (50%)	2.9% (20%)	--	--	
But I would need more accommodations related to my disability. (n=79)	27.8%	36.4% (22.2%)	9.1% (15.4%)	27.3% (42.9%)	13.6% (50%)	9.1% (66.7%)	4.5% (50%)	--	--	--	
But I would need improved transportation to get to work. (n=79)	25.3%	50.0% (27.8%)	10.0% (15.4%)	30.0% (42.9%)	5.0% (16.7%)	--	5.0% (50%)	--	--	--	
But I would need to have other services or changes occur before I could increase my level of work.	19.0%	<ul style="list-style-type: none"> • 10.1% need additional supports such as job coaching, financial planning or advocates • 8.9% need more flexibility from employer or the opportunity to work from home 									

and about 10% said they would need additional supports, such as job coaching, assistance with financial planning, or advocates to help them work more.

Most people (62.5%) who indicated they would not work more reported that their current job met their needs. Many (57.1%) also indicated that their disability prevented them from working more. Others felt they would not be able to find a job that would enable them to earn more and/or that they did not have the skills to earn more. People with mental illnesses were most likely (71.2%) to report that they did not think they could find a job that would pay more than \$860 per month (SGA in 2006). Additionally, people who had secretarial/clerical jobs were most likely (92%) to say they would not increase work efforts.

DISCUSSION & POLICY IMPLICATIONS

As the Social Security Administration moves forward with implementing gradual offset demonstrations, researchers may find that Medicaid Buy-In participants have a higher likelihood of attempting to work and earn more and program designers may wish to target efforts at this population. Many respondents who indicated they would participate in such a program also indicated they had turned down raises or additional hours in the past to avoid losing disability benefits and the majority indicated that they would simply work more hours in their current jobs. These individuals are clearly most likely to benefit from a gradual benefit offset program and to need the least supports in achieving increased employment.

A large number of “maybe” responders indicated that they need flexible work schedules and/or other accommodations if they are to work more. Again, demonstration planners should be mindful of these concerns in encouraging work efforts. People with chronic illnesses, especially, cited flexibility in scheduling as a prerequisite to working more. About half of “maybe” responders indicated they needed more education or training. For these individuals, partnerships with Vocational Rehabilitation or

WIA providers might prove beneficial. Because all respondents to the survey currently have Medicaid coverage, the cited need for improved healthcare raises questions about specific healthcare needs that should be addressed to support increased employment. Certainly, potential participants in an offset demonstration should be asked about unmet healthcare needs as a concern.

Conversely, many respondents reported that they are content with their current employment situation and/or that their disabilities prevent them from working more. In fact, more than half of “no” respondents with mental illnesses, physical disabilities, chronic illnesses, or cognitive disabilities indicated that their conditions prevented them from working more. For these individuals, working above SGA may not be possible and program designers should be mindful that not everyone will be able to take advantage of the opportunities provided by a gradual benefit offset.

Nevertheless, a significant proportion of participants report a willingness to work and earn more if benefits are not abruptly cut off. Based on our findings, benefit offset programs coupled with existing Medicaid Buy-In programs have the potential to increase employment and earnings for a substantial number of beneficiaries. In fact, if half of current Buy-In enrollees nationally took advantage of a benefit offset, more than 35,000 people would reduce their cash benefits in this population alone. Moreover, if fear of the “cash cliff” were removed, more individuals might also enroll in the Buy-Ins.

REFERENCES

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