

WORKING WITH DISABILITY

MEDICAID EXPENDITURES IN BRIEF

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How Do Buy-In Participants Compare with Other Medicaid Enrollees with Disabilities?

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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 the flexibility to customize their Buy-In programs to their unique needs, resources, and objectives. As of December 31, 2006, 33 states reported covering 80,871 individuals in the Medicaid Buy-In program.

This issue brief, the fifth in a series on workers with disabilities, uses Medicaid eligibility and claims data to compare the demographics, health status, and Medicaid expenditures of Buy-In participants with individuals who are enrolled in Medicaid because they have a disability, but are not enrolled in the Buy-In program.

The Medicaid Buy-In program is important for working adults with disabilities because it allows participants to keep working and still be enrolled in Medicaid. But there are also many individuals with disabilities enrolled in Medicaid who do not participate in the Buy-In program. Many policymakers and program administrators have asked the question: How do these two groups of people with disabilities differ with respect to demographic characteristics, disabling conditions, and medical expenditures?

To address this question, Mathematica Policy Research, Inc. (MPR) used data from Buy-In programs in eight early-implementing states (Connecticut, Iowa, Maine, Massachusetts, Minnesota, Oregon, Vermont, and Wisconsin) that had at least

300 participants as of December 2000. We compared Buy-In participants to other working-age individuals in these states who were enrolled in Medicaid because they had disabilities, but who were not Buy-In participants.¹ For both groups, we examined their demographics, health status, and Medicaid expenditures in the year 2000. While the data here are historical and therefore cannot provide a complete picture of current Buy-In programs, our work represents one of the first cross-state efforts to compare and contrast Buy-In participants and other Medicaid enrollees with disabilities.

¹See the Data and Methods box at the end of the issue brief for a detailed definition of the comparison group.

What Are the Demographic Differences Between Buy-In Participants and Other Medicaid Enrollees with Disabilities?

Approximately 51 percent of Buy-In participants in our sample from 2000 were male, compared with 45 percent of other Medicaid enrollees with disabilities. Buy-In participants were more likely to be white than other similar Medicaid enrollees (82 percent compared with 71 percent). Those in the Buy-In were also less likely to be black (4 percent compared with 7 percent) or Hispanic (less than one percent compared with 4 percent). Finally, Buy-In programs seemed to attract those of “prime” working age (25-54) compared with other Medicaid enrollees with disabilities. Approximately 80 percent of Buy-In participants were prime working age, compared with 69 percent among comparable Medicaid enrollees not enrolled in the Buy-In.

How Do the Groups Differ in Their Diagnoses?

Buy-In participants were more likely to receive treatment for psychiatric conditions than other similar Medicaid enrollees with disabilities (Figure 1). Of the conditions we considered in this study, the most commonly treated among Buy-In participants were: psychiatric, cardiovascular, nervous system, skeletal and connective, pulmonary, and gastrointestinal.² For all

²Note that our categories are based on diagnosis codes found in Medicaid claims records and are grouped using the Chronic Illness and Disability Payment System (CDPS), not by the primary disabling condition categories used by the Social Security Administration (SSA).

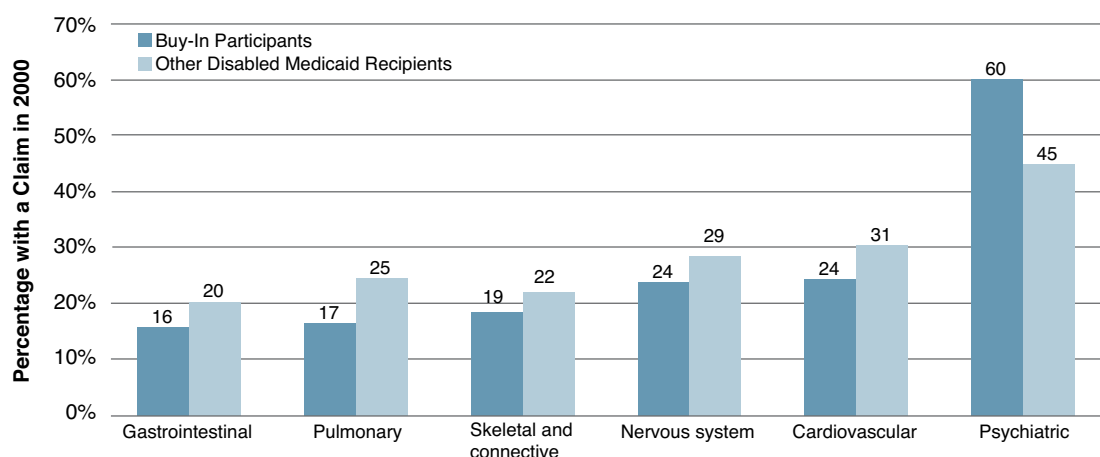
18 conditions we assessed except psychiatric conditions, other Medicaid enrollees with disabilities were more likely than Buy-In participants to have received Medicaid covered services for these conditions. On the other hand, 60 percent of Buy-In participants had a Medicaid claim indicating treatment for a psychiatric condition in 2000, compared with only 45 percent of other Medicaid enrollees with disabilities.

The number and mix of conditions for which a person receives treatment may signal their level of need for care and their ability to maintain employment. Buy-In participants were less likely to have received treatment for multiple conditions than other similar Medicaid enrollees with disabilities—63 percent of those in the Buy-In had claims for two or more conditions or disabilities, compared with 71 percent of other comparable Medicaid enrollees (Figure 2). Those in the Buy-In were much more likely to have a single psychiatric condition—22 percent compared with only 12 percent of other Medicaid enrollees with disabilities. Both groups were about equally likely to have a single non-psychiatric condition, such as a pulmonary or nervous system condition—15 percent of those in the Buy-In compared with 17 percent of similar Medicaid enrollees.

How Do Expenditures Differ Between Buy-In Participants and Similar Medicaid Enrollees?

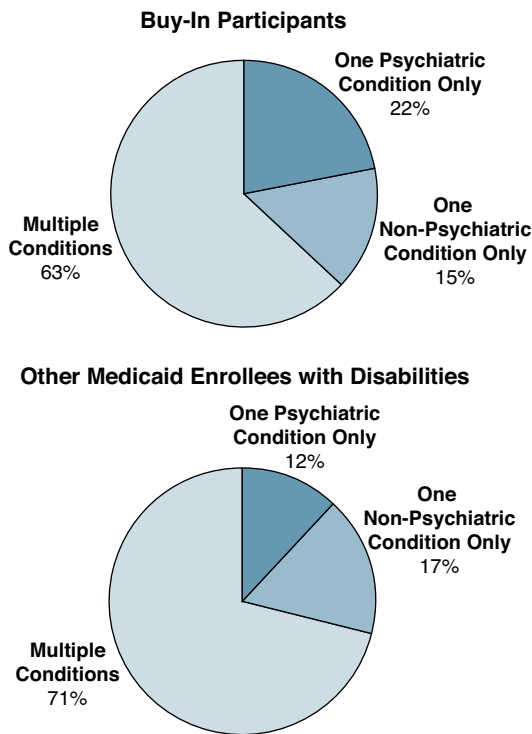
On average, Buy-In participants cost Medicaid \$984 per-member per-month (PMPM) in 2000, almost 40 percent lower than the cost of other Medicaid

Figure 1. The Six Most Commonly Treated Conditions Among Buy-In Participants in 2000, Compared with Treatment Rates Among Similar Medicaid Enrollees with Disabilities



Source: MPR's Medicaid Enrollees with Chronic and Disabling Conditions Data Set and Buy-In enrollment records

Figure 2. Co-Occurring Psychiatric and Non-Psychiatric Conditions, 2000



Source: MPR's Medicaid Enrollees with Chronic and Disabling Conditions Data Set and Buy-In enrollment records

enrollees with disabilities, whose expenditures were \$1,583 PMPM (Figure 3).

Among those with only one psychiatric condition, those in the Buy-In had PMPM expenditures that

were \$268 lower than other Medicaid enrollees with disabilities (\$601 compared with \$869). Among those with a single non-psychiatric condition, expenditures were again lower among those in the Buy-In than the comparison group (\$809 compared with \$1,395). Average PMPM expenditures among Buy-In participants with multiple conditions were \$1,158, compared with \$1,749 among other similar Medicaid enrollees.

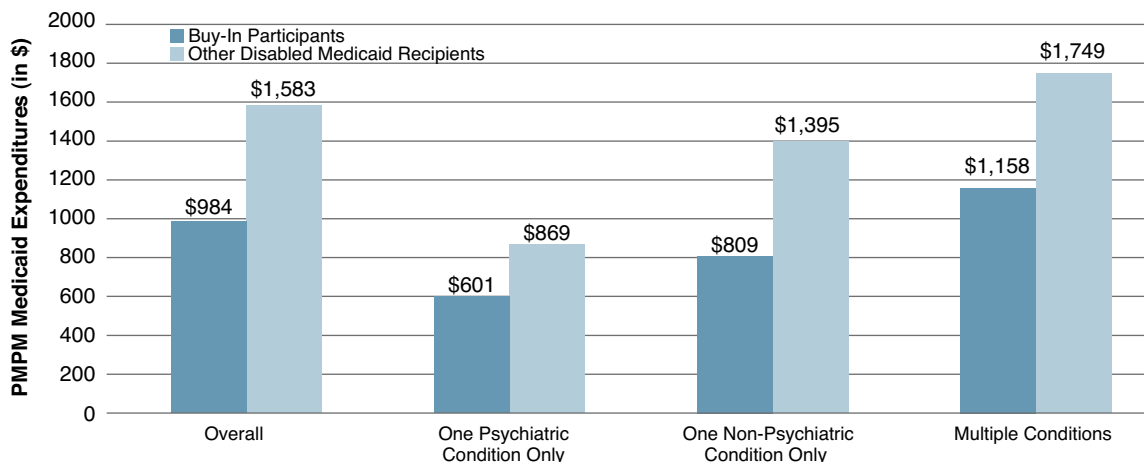
Subgroup analyses by state, type of condition, and number of conditions revealed that Buy-In participants had lower expenditures than similar Medicaid enrollees in every study state and for each condition category. Many factors may contribute to such differences. One of these is the variation in coverage from other sources such as Medicare: in our study sample, 79 percent of Buy-In participants were dually covered by Medicare and Medicaid, compared with only 51 percent of other Medicaid enrollees with disabilities.³ Differences in additional insurance coverage and other factors may be explored in future work.

Implications

Six in 10 Buy-In participants in our study had claims for a psychiatric condition, compared with less than half of other Medicaid enrollees with disabilities. This implies that the Buy-In program may be particularly attractive to people with psychiatric conditions who want to work.

³Difference in expenditures between the two groups remained the same even after controlling for dual-eligible status.

Figure 3. PMPM Medicaid Expenditures in 2000, by Nature of Co-Occurring Conditions



Source: MPR's Medicaid Enrollees with Chronic and Disabling Conditions Data Set and Buy-In enrollment records

DATA AND METHODS

The Medicaid claims data we analyzed were from the year 2000, and only the eight states that had enrolled more than 300 people in the Buy-In program by the end of 2000 were included in this study. Combined Buy-In enrollment for these states was 19,086 people during 2000 (97 percent of total Buy-In enrollment that year). As of December 31, 2006, these same states had Buy-In enrollment of 43,147 people (53 percent of national Buy-In enrollment that year).

Buy-In participants in 2000 were identified from enrollment records submitted by states to CMS in 2005 (Liu and Ireys 2006). Data for comparable Medicaid enrollees came from MPR's Medicaid Enrollees with Chronic and Disabling Conditions Data Set, developed from CMS's Medicaid Analytic Extract (MAX) files for calendar year 2000 (Irvin and Johnson 2006). Using criteria similar to those required for Buy-In participation, we included in our comparison sample working-age (18-64) adults whose Medicaid eligibility status indicated that they were eligible for benefits on the basis of satisfying the federal criteria for disability.

We used the Chronic Illness and Disability Payment System (CDPS) to map diagnosis codes found in Medicaid claims records into broad categories of conditions that can be considered chronic or disabling in nature (Kronick et al. 2000). Eighteen of the 20 CDPS groups represent chronic or disabling conditions, including psychiatric conditions, developmental disability, substance abuse, and a variety of physical conditions such as neurological or musculoskeletal (we excluded the pregnancy and infants categories for this brief). To make a valid comparison, we only included people in our analysis who had a claim for a condition that fell in one of the eighteen CDPS conditions in the year 2000.

Our final analysis included Buy-In participants and other Medicaid enrollees between the ages of 18 and 64 who met the federal definition of disability, and who had a Medicaid claim in the year 2000 for a condition that was classified by the CDPS to be chronic or disabling in nature. This yielded a sample size of 12,243 Buy-In participants and 348,224 comparable Medicaid enrollees with disabilities in the eight study states.

Almost two-thirds of Buy-In participants received treatment covered by Medicaid for multiple conditions in 2000, meaning that most people in the Buy-In must balance work with treatment for multiple conditions. However, fewer Buy-In participants received treatment for multiple conditions than comparable Medicaid enrollees with disabilities, which may indicate that having a single disability is less of an employment barrier than having more than one.

We consistently found that Buy-In participants had lower PMPM Medicaid expenditures than did other Medicaid enrollees with disabilities. This finding suggests that, once enrolled, Buy-In participants on average would not cost Medicaid more than other enrollees with disabilities. However, whether Medicaid program costs rise after a Buy-In program is implemented also depends on whether the program attracts many working adults not previously enrolled in Medicaid.

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