Disability & Benefits: Medicaid

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When Congress enacted Medicare in 1965, they also added Title XIX, creating Medicaid. While Medicare was enacted to provide health coverage primarily for seniors with the disabled added later, the purpose of Medicaid was to provide health coverage to lower income individuals.

However, unlike Medicare, which is essentially the same coverage throughout the nation, the federal Medicaid law set out mandatory as well as optional guidelines that each state was to follow. Further, the cost of the Medicaid was split evenly between the federal government and the states. As if that was not a big enough bureaucracy, states set the requirements for their Medicaid program, but turned it over to counties and other regional entities to actually administer.

The federal government requires at a minimum that the following services must be provided to Medicaid beneficiaries without charge provided they are "medically necessary":

- Inpatient and outpatient hospital services
- Physician services
- Medical and surgical dental services, but not dental care
- Nursing facility services for individuals aged 21 or older
- Home health care for people eligible for nursing facility services
- Family planning services and supplies
- Clinic treatment
- Laboratory and x-ray services
- Pediatric and family nurse practitioner services
- Nurse-midwife services, to the extent authorized under state law; and
- Early and periodic screening, diagnosis, and treatment services for people under age 21

States may choose to offer additional, optional benefits such as dental care, vision, and prescription drug coverage.

Many states are now providing these benefits through a Managed Care program, usually Health Maintenance Organizations (HMOs). This means that to receive the benefit, patients must receive their treatment from doctors and hospitals that are in the HMO network.

While this article outlines Medicaid provisions as much as possible, there will be many details where you will need to do a browser search for "Medicaid in (your state)" to discover exactly how your Medicaid works. Also, some states have adopted names other than Medicaid for their program, such as TennCare in Tennessee or Medi-Cal in California.

There are several groups of people who can benefit from Medicaid coverage, including pregnant women and single parent households; however, this article focuses on the Medicaid programs that can primarily benefit or affect persons with HCV.

This includes:

- Medicaid for the Aged & Disabled
- Medicaid for the Medically Needy
- Medicaid for the Working Disabled
- Medicaid in those states which expanded Medicaid under the Affordable Care Act (Obamacare) and,
- Estate Recovery and its possible effect on your heirs

First, however, I should mention that, because many Medicaid programs are based on a person's income, eligibility for programs is determined by relating one's income to the Federal Poverty Level (FPL). This is an annual table that is usually published between January and March of each year. Currently, Medicaid is using the 2014 FPL. Under that table an individual is at 100% of FPL if his or her income is $11,670 per year. For each additional person in the household, $4,060 should be added. Therefore a family of four is at 100% FPL if their earnings are $23,850 (11,670 + 4,060 X 3). Tables with higher numbers are used for people living in Alaska and Hawaii.

Aged & Disabled Medicaid
This program is for low-income persons who are either age 65 or over or are under age 65 and disabled. Disability is determined under the same definition as Social Security's definition:

- A person has a serious and documented medical condition which prevents the person from working and earning Substantial Gainful Activity ($1,090 per month in 2015), and
- The condition has or is expected to last for at least twelve months or result in death.

To be eligible, a person must show they are low income and have little or no personal assets. While it can vary by state, a person's income must usually be from below 100% to 133% of FPL.

There is also an asset test (usually $2,000 for a single individual or $3,000 for a couple). Assets include money in the bank, stocks and bonds, individual retirement accounts, and real property. However, they do not count one vehicle and they do not count the home an applicant occupies. It should be noted that this amount has not changed in at least twenty years.

You can get more information on eligibility and see if you might qualify in your state, and even apply for Medicaid by going to: www.healthcare.gov/medicaid-chip/eligibility/

In many states, if you are approved for Supplemental Security Income (SSI) by Social Security, you are automatically enrolled in Medicaid. In other states, if you get SSI, you are eligible for Medicaid, but you have to apply separately.

Medically Needy Program

Thirty-six (36) states plus the District of Columbia have added Medically Needy or Spend Down Medicaid to their programs. This program provides Medicaid benefits to people whose income exceeds the Aged & Disabled Program limits, but, because their medical bills are so high, they become eligible for Medicaid.

Medically Needy Medicaid provides the same benefits as Aged & Disabled EXCEPT the benefits sit behind a monthly deductible that must be paid before Medicaid pays any benefits. A person will have to spend down their income by paying medical bills until the deductible, also called a Share of Cost, is met after which Medicaid pays the remainder of medical bills for the rest of the month.

The deductible or Share of Cost is determined by the person's monthly, countable income. Countable income is based on the IRS definition of Modified Adjusted Gross Income (MAGI) reduced by any health, dental, or vision insurance premiums he or she pays.

250% Federal Poverty Level Working Disabled Program

Not every state offers this program, but it can be very helpful to certain Medicaid beneficiaries.

A person is determined to be disabled according to the Social Security definition of disability. However, his or her income is high enough that the Share of Cost under the Medically Needy Program is several hundred dollars that must be paid by the beneficiary each month before Medicaid pays anything. This program is an excellent alternative to the Medically Needy Program for such a beneficiary. Their total income must remain less than 250% FPL ($29,175 per year for an individual in 2014). That person is also able to do some work.

Under this program such a person would receive full Medicaid without any spend-down or Share of Cost. They would be responsible for paying a premium for the Medicaid coverage, but the premium would be based on the beneficiary's monthly income. Premiums usually range from $20 to $200 per month.

For people living in states that offer this program, it is excellent for someone whose disability income gives them a high spend-down amount. Medicaid does not have formal requirements about the type of job. I am aware of people collecting disability benefits that walk a neighbor's dog or water their lawn for $10 - $15 per week. That is work which gets him or her into the Working Disabled Program, but is not enough work earnings to interfere with their Social Security Disability or private disability benefits.

However, the requirements for this program are set by each state and many are not as generous as the examples I just cited. Check with your state's Medicaid program.

Expanded Medicaid under the Affordable Care Act

Twenty-seven states plus the District of Columbia, so far, have elected to expand their Medicaid Programs as allowed under the Affordable Care Act. They are: Arizona, Arkansas, California, Colorado, Connecticut, Delaware, District of Columbia, Hawaii, Illinois, Iowa, Kentucky, Maryland, Massachusetts, Michigan, Minnesota, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Dakota, Ohio, Oregon, Pennsylvania, Rhode Island, Vermont, Washington, and West Virginia.

Some states are still considering the expansion so be sure to check with your state for the most current information.

Under Expanded Medicaid, there is no longer an asset test nor is there a requirement that you be disabled. To qualify for expanded Medicaid, you simply need to have income that is at or below 138% FPL ($16,105 for an individual in 2014).

To apply for Expanded Medicaid, start with your state's health exchange website. If you do not know it, go to www.healthcare.gov. You will be directed to your state's exchange or Medicaid site.

Estate Recovery

Because Medicaid was originally created for low-income people, the federal government and the states seek reimbursement, when possible, for medical bills paid. To this end, they created the Estate Recovery Program.

For individuals age 55 and older, states are now required to seek reimbursement of money paid from a person's estate for medical services rendered including hospital and nursing home services. There are exceptions to this rule when recovery of payments would cause undue hardship. States are further encouraged to seek additional reimbursement when possible beyond the mandate.

States also have the right to place a lien on a Medicaid beneficiary's home if they are permanently residing in a nursing home or similar facility. However, there is an exception to this when the home is still occupied by a spouse, child under age 21, blind or disabled child of any age, or sibling who has an equity interest in the home.

This potential recovery using a person's estate after death has caused many to reconsider obtaining Medicaid, especially persons under Expanded Medicaid, since it could reduce or eliminate assets to be passed on to the beneficiary's heirs. There is a sense of unfairness since there is no such recovery from people who qualify for regular health insurance under the Affordable Care Act. There has been some discussion about amending this requirement under Expanded Medicaid, but no action is expected in the foreseeable future.