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Testimony in Support of H-7860

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The Economic Progress Institute supports passage of H-7860 which would increase the Medicaid income eligibility limit for seniors and people with disabilities. Under current rules, the income limit is 100% of the federal poverty level (\$1,012/month for a single adult). The income counting methodology is based on gross earned and unearned income, with a \$20 disregard applied to unearned income and additional disregards to earned income. There is also a resource test of \$4,000.

In the Affordable Care Act, Congress set the minimum income limit for non-elderly/non-disabled adults, which included parents and the newly eligible adults without dependent children, at 138% of the federal poverty level (\$1,396/month for a single adult). There is no resource test for this population (or for children and pregnant women). Congress also implemented a new income methodology for determining Medicaid eligibility for adults, children and pregnant women, based on federal tax Adjusted Gross Income with certain modifications (commonly called "MAGI").

Simple equity and fairness dictate that the minimum income limit for seniors and people with disabilities be equal to that for other adults. Moreover, the disparate income levels lead to a "Medicaid cliff" for adults who are enrolled in Medicaid and then either turn 65 (elderly) or begin to receive Medicare as a person with a disability. As an adult, the income limit is 138% FPL, as a "disabled or elderly individual", the income limit drops to 100% FPL.

Here is an example: Jake, age 45, had to stop working when he became disabled after a car accident. He applied for Social Security Disability benefits and was found eligible for a \$1,250/month payment based on his earnings. Under the federal rules, Jake will become eligible for Medicare twenty four months after his benefits begin. He also applied for Medicaid as an adult and was found eligible because his income is less than the \$1,396 monthly limit for a single adult. When Jake begins to receive Medicare, he no longer is eligible for Medicaid as a single adult – but only as a person with a disability. The income limit for that category is \$1,012 and Jake is no longer eligible for Medicaid. Jake's Social Security check will be reduced by \$134/month to pay for his Medicare premiums and he will need to pay co-pays and deductibles for health care services.

The same 'cliff' happens when a person who has been receiving Medicaid as an adult turns 65 and is mandatorily switched to the "elder" Medicaid category. Individuals with income between 100% and 138% of the federal poverty level are dropped from full Medicaid coverage.

According to information provided to EPI by the Executive Office of Health and Human Services (EOHHS), in December 2017, there were 22,272 adults age 50-64 who were receiving Medicaid as adults without dependent children. This is 30 percent of Medicaid recipients in this category. Assuming equal

distribution across the 15 year age span, there are an estimated 1,500 individuals who 'flip' from the 138% adult limit to the 100% elder limit each year.

I do not know the number of individuals with disabilities, like Jake, who receive Medicaid until their Medicare starts and then 'flip' into the disabled category with the lower income limit. But I know from Navigators who help people apply for Medicaid coverage that loss of full Medicaid is a terrible surprise to them and the loss of coverage for medication and other services is devastating.

Data from EOHHS also tell us that of the 74,000 adults without dependent children who were enrolled in Medicaid at the beginning of the year, 22% had income between 100% and 138% of the federal poverty level. When one of these 15,800 individuals turns sixty five or starts to receive Medicare as a person with a disability, he/she loses her Medicaid coverage.

Consideration of this bill should be part of a much-needed larger conversation about the health care and other needs of Rhode Island's fast-growing senior population and people with disabilities.