



**State of Louisiana**  
Department of Health and Hospitals  
Office of Management and Finance

November 15, 2011

The Honorable Joel T. Chaisson, II, President  
Louisiana State Senate  
P.O. Box 94183, Capitol Station  
Baton Rouge, LA 70804-9183

The Honorable Jim Tucker, Speaker  
Louisiana State House of Representatives  
P.O. Box 94062, Capitol Station  
Baton Rouge, LA 70804-9062

The Honorable Kay Katz, Chairwoman  
House Health and Welfare Committee  
Louisiana State House of Representatives  
P.O. Box 44486, Capitol Station  
Baton Rouge, LA 70804-4486

The Honorable Willie L. Mount, Chairwoman  
Senate Health and Welfare Committee  
Louisiana State Senate  
P.O. Box 94183, Capitol Station  
Baton Rouge, LA 70804-9183

The Honorable Jim Fannin, Chairman  
Joint Legislative Committee on the Budget  
P.O. Box 44486, Capitol Station  
Baton Rouge, LA 70804-4486

Dear President Chaisson, Speaker Tucker, and Honorable Chairs:

In response to Senate Bill No. 305 (SB 305) of the 2003 Regular Session, the Louisiana Department of Health and Hospitals (DHH) submits the enclosed report. The bill requires DHH to submit certain information regarding the Medicaid Buy-In Program to the Joint Legislative Committee on the Budget and to the House and Senate health and welfare committees, including the status of the buy-in program, a report relative to the estimated value of the state, federal and FICA taxes paid by the participants in the buy-in program, and any recommendations for expanding coverage in the buy-in program. R.S. 24:772 also requires that the report be submitted to the President of the Senate and the Speaker of the House.

DHH is available to discuss the enclosed report and recommendations with you at your convenience. Please contact Ms. Stacy McQuillan with the bureau of health services financing (Medicaid) at (337) 857-6115 with any questions or comments you may have.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jerry Phillips".

Jerry Phillips  
Undersecretary

Enclosures

Cc: The Honorable Members of the House Health and Welfare Committee  
The Honorable Members of the Senate Health and Welfare Committee  
The Honorable Members of the Joint Legislative Committee on the Budget  
David R. Poynter Legislative Research Library

# **MEDICAID PURCHASE PLAN**

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REPORT PREPARED IN RESPONSE TO  
LA-R.S. 40:1299.78.5

**NOVEMBER 2011**

**Contact:**

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## EXECUTIVE SUMMARY

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The Medicaid Purchase Plan (MPP) is an optional Medicaid program that provides health care coverage to individuals with disabilities who are employed and meet specific income requirements. The Centers for Medicare and Medicaid Services (CMS) provides ongoing support for programs like the MPP by funding Medicaid Infrastructure Grants (MIG). This eligibility category was authorized by the federal Ticket to Work and Work Incentives Improvement Act of 1999 (IWWIIA) to assist Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) beneficiaries who are disabled or blind with finding, entering, and retaining self-supporting employment. Those eligible for MPP would be receiving Medicaid benefits whether they are working (through MPP) or not (through SSI). Allowing them to work and enroll in MPP promotes self-sufficiency.

MPP was implemented in January 2004 and it provides full medical coverage, similar to Medicaid benefits, that includes prescription drugs, hospital care, doctor services, medical equipment and supplies, and medical transportation. These benefits are the same as provided through Medicaid. Since the inception of the MPP, 5,344 individuals have been enrolled in the program. Enrollment as of June 30, 2011 was 2,238. In the five years the program has been available, expenditures have increased from \$8,459,885 in SFY 07 to \$23,227,185 in SFY 11 and the average per member per month cost has increased from \$652.17 in SFY 07 to \$864.88 in SFY 11.

Informing Louisiana citizens of the program's existence is a priority of DHH and partner agencies. The Department does this through job fairs specifically targeted to the disabled, partnering with government agencies such as the Louisiana Workforce Commission and Louisiana Economic Development, community-based organizations, medical providers and employers. In SFY 11, MPP outreach was conducted emphasizing how the program addresses the business needs of small, medium, and large businesses. In SFY 11, enrollees paid \$156,566 in premiums and contributed \$2,853,631 in federal taxes and \$497,106 in state taxes.

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## REPORT TO THE LEGISLATURE

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### PROGRAM OVERVIEW

This report is being submitted pursuant to LA-R.S. 40:1299.78.5. The statute states that the purpose of this Part is to provide for a Medicaid Buy-In Program for persons with disabilities in Louisiana. This program is intended to help working people with disabilities live above the poverty level by providing needed health care coverage.

Beginning January 1, 2004, and semiannually thereafter and not later than sixty days prior to the beginning of the regular session of the legislature, the department shall submit the following information to the Joint Legislative Committee on the Budget and to the Senate Committee on Health and Welfare and the House Committee on Health and Welfare:

- (1) Status of the buy-in program, including the number of enrollees, the estimated cost of the program, and any other information the department deems pertinent to this buy-in program.
- (2) A report relative to the estimated value of the state, federal and FICA taxes paid by the participants in the buy-in program.
- (3) Any recommendations for expanding coverage in the buy-in program or any other recommendations relative to the requirements of this Part.

The MPP provides health care coverage for persons who have a severe disability according to Social Security criteria, but who work and have countable income less than \$2,269 per month and have countable assets that are less than \$25,000. The \$25,000 resource limit was chosen to allow people who exceed the lower resource limits of SSI, as well as Sections 1619a and 1619b of the Social Security Act programmatic amounts, to obtain coverage after they have lost coverage for the referenced programs. MPP also provides coverage to those disabled individuals denied coverage for those programs. Whether an eligible individual will pay a monthly premium depends upon their income as outlined below:

Countable Monthly Income	Premium
Less than \$1,362	\$0
\$1,362 - \$1,815	\$80
\$1,816 - \$2,269	\$110

This eligibility category was authorized by the federal Ticket to Work and Work Incentives Improvement Act of 1999 (TWWIIA). The purpose of TWWIIA is to assist Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) beneficiaries who are disabled or blind with finding, entering, and retaining self-supporting employment. Expanded employment opportunities for these individuals have been shown to increase the likelihood that they will reduce or eliminate their dependency on SSI benefits. Those eligible for MPP would be receiving Medicaid benefits whether they are working (through MPP) or not (through SSI). Allowing them to work and enroll in MPP promotes self-sufficiency.

Support for the MPP has been widespread through the agencies that provide services to individuals with disabilities. The following agencies continue to work to ensure the sustainability of the MPP: Mental Health of America-Louisiana, Baton Rouge Mental Health Association, Louisiana Assistive Technology Access Network, Sickle Cell Foundation, Louisiana Association for the Deaf, Advocacy Center, Louisiana Rehabilitation Services, Governor's Office of Disability Affairs, Social Security Administration, and the Louisiana Chapter of the Association for Persons in Supported Employment.

The Centers for Medicare and Medicaid Services (CMS) have demonstrated ongoing support of programs like MPP by funding Medicaid Infrastructure Grants (MIG) to help states build and sustain infrastructure to support individuals with disabilities. The MIG funding is 100% federal funding with no required state match. These funds are not used to pay for the Medicaid Purchase Plan (MPP). The actual MPP claims and administration rates are the same as other Medicaid, non-CHIP match rates. MPP coverage allows individuals to work who would not have otherwise entered the labor market due to a lack of health care coverage. The Department of Health and Hospitals (DHH) has received MIG funding since 2001, which has allowed DHH to finance educational opportunities for staff and recipients related to the employment of persons with disabilities.

#### PROGRAM STATUS

SFY	Enrolled Member months	Payments	PMPM	Percent PMPM Change from Prev. Year
2006/07	11,851	\$8,459,885	\$714	
2007/08	14,311	\$11,908,717	\$832	16.6%
2008/09	17,401	\$14,723,731	\$846	1.7%
2009/10	22,353	\$20,373,597	\$911	7.7%
2010/11	26,501	\$23,227,185	\$876	-3.8%

The above chart was calculated by using 'Enrolled Member months' of 12 months and dividing it by 'Payments' for that fiscal year to get 'PMPM' or Per Member per Month. Finally, PMPM % change was calculated by comparing one year's PMPM from the previous year.

Making Louisiana citizens aware of the MPP is a priority for DHH and its partner agencies. One of the significant means by which information is disseminated is through job fairs held each October in recognition of National Disability Employment Awareness Month. These job fairs are held statewide and are specifically targeted to individuals with disabilities. Social Security and Medicaid staffs are onsite to answer questions and ensure that job seekers understand the impact that working will have on their SSDI or SSI benefits. In SFY 11, disability job fairs were held in Baton Rouge, Slidell, Monroe, Alexandria, Houma, New Orleans, Shreveport, Lafayette, and Lake Charles, with 2,350 job seekers and 234 businesses attending.

In addition to the job fairs, Medicaid staff partner with governmental agencies, community-based organizations, medical providers, and employers to provide presentations and information sharing opportunities at dozens of events each year. Examples of some of these partners include St. Thomas Community Health Clinic, Social Security Administration, Iberville Medical Center, Louisiana Workforce Commission, Wal-Mart, Target, Lowes, Teche Regional Medical Center, Walgreens, Area Agencies on

Aging, Louisiana Workforce Commission, Oil Spill Resource Centers, and Families Helping Families Resource Centers.

In SFY 11 staff conducted MPP outreach that emphasized addressing the needs of businesses. In many instances small employers cannot afford to provide health care coverage for their employees. The MPP provides a way for those employees with disabilities to obtain health care coverage. In medium and large sized businesses, employees with disabilities often do not qualify for coverage under an employer-sponsored health plan because of pre-existing conditions. The MPP allows these employees the coverage they need to remain healthy and on the job. For these reasons, MPP coordinators will continue to partner with their local chambers of commerce to disseminate information about the MPP. Excellent partnerships have been formed with local chambers of commerce in Shreveport/Bossier City, Alexandria, Lake Charles and Lafayette, with chamber involvement with the statewide job fairs in these areas.

MIG funding also supports two Work Incentives Planning Assistance (WIPA) projects in Louisiana. The WIPA projects are cooperative endeavors with the Social Security Administration that provide accurate information regarding the impact of employment on Social Security benefits to people between the ages of 16 and 65 who receive SSI, SSDI, or both. This service provides comprehensive benefits counseling to help recipients make informed decisions on their road to economic self-sufficiency. Through this counseling, recipients learn of their potential eligibility for the MPP should they return to work. The purpose of the counseling is to enable beneficiaries to become employed while retaining a portion of their federal disability benefits, thereby reducing their dependence on these benefits and addressing one of the largest barriers to employment for persons with disabilities—access to health care benefits.

## **ECONOMIC IMPACT OF PROGRAM**

In addition to the buying power that employed individuals bring to Louisiana's economy, many enrollees are paying premiums that help to offset the cost of the program. In SFY 11, \$156,566 in premiums has been paid to DHH. Since the inception of the program, a total of \$758,522 in premiums have been collected.

As outlined above, the existence of the MPP allows individuals with disabilities the opportunity to become employed, thereby becoming tax-paying citizens. During SFY 11, these individuals contributed \$2,853,631 in federal taxes (includes FICA and federal income tax) and \$497,106 in state taxes.

MPP recipients meet SSI disability requirements and the majority of them would be on SSI and, therefore, Medicaid if the MPP did not exist. If these individuals did not pay premiums, the cost to the state for their medical care would be increased by that amount. Alternatively, if they were not receiving SSI, they would be receiving Retirement, Survivors, and Disability Insurance (RSDI) without any Medicare for two years and would rely on the state's public hospital system or emergency rooms to obtain their health care.

The Retirement, Survivors, and Disability Insurance (RSDI) program refers to retirement, survivors, and disability benefits paid to workers, their dependents, and survivors. SSI recipients are eligible for Medicaid. Those individuals whose RSDI is higher than the SSI limit only receive RSDI, which does not give them entitlement to Medicaid in and of itself. There are no categorical programs in Louisiana that provide Medicaid to individuals who are receiving RSDI as the basis of their eligibility. These individuals would have to meet another category of coverage such as:

- One of the Extended Medicaid programs for those who have been eligible for SSI & RSDI in the same month but lost SSI.
- Spend down medically needy – if their unpaid medical bills are enough to spend down their income, which is only one quarter of coverage at a time
- Pregnant Woman

There is no current Medicaid program for an RSDI recipient for the two years while they are not eligible for Medicare. If they are not eligible for one of our programs (as referenced above), they have to obtain medical treatment through the charity system, emergency room, or completely out of pocket if they are financially able. Working while they are receiving RSDI allows these individuals to have Medicaid and avoid all of the pitfalls mentioned above.

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## CONCLUSION

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The Department of Health and Hospitals recognizes that work is a fundamental part of adult life for people with and without disabilities. It provides a sense of purpose, shaping who we are and how we fit into our community. Because it is so essential to people's economic self-sufficiency, as well as self-esteem and well-being, people with disabilities and chronic conditions who want to work are provided the opportunity and support to do so in the MPP. Enrollment in the MPP has increased with the success of job fairs for the disabled as well as other outreach initiatives.

Through the cooperative endeavors of the WIPA projects and the Social Security Administration, potential enrollees are counseled and given guidance regarding their potential eligibility within the MPP so they may obtain employment while retaining some of their federal disability benefits.

Enrollment in the MPP not only increases the purchasing power of the individuals, but also allows these people to contribute to their community by becoming tax-paying citizens. All individuals, regardless of disability and age, can work and do so optimally with opportunity, training, and support building upon each person's strengths and interests.