Estimating the Cost and Utilization of Wrap-Around Coverage for Employed and Potentially Employed People with Disabilities

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Introduction

The low employment rate among people with disabilities might be reversed if workers with disabilities could access the health care services they need in order to work. The Affordable Care Act (ACA) expands access to private health insurance for millions of Americans, including people with disabilities (Gettens 2011; Levy 2012). However, new ACA marketplace-based coverage may not meet all the needs of people with disabilities who want to stay employed and need extra support to do so (Corlette 2013; Hyde 2014). Medicaid provides services that support independent living, including employment; however, these services are typically only available to those with low income and limited assets. Such services are generally not covered by private insurance. Additionally, those privately insured may pay high out-of-pocket costs for health care that helps them stay employed, which may serve as an incentive to limit earnings or stop working to qualify for and Medicare or Medicaid. "Wraparound" coverage could provide services that are not covered by primary insurance. In this study, we quantify the costs and use of care for employed people with disabilities who use the Massachusetts (MA) Medicaid Buy-In program, CommonHealth Working (CHW), to supplement their primary insurance through Medicare or a private plan.

CHW provides Medicaid coverage to people who meet a disability standard similar to Social Security Administration's; who work at least 40 hours per month; and have household income at or above 133% of the federal poverty level (FPL). There are no upper limits on income or assets. About 77% of CHW enrollees have primary coverage from Medicare or private insurance and thus use CHW as wraparound coverage. CHW is comparable to standard MA Medicaid, and covers both medically necessary inpatient and outpatient services, as well as community-based services that support independent community living, such as personal assistant services (PAS) and home health services which are generally not covered by Medicare or private insurance. CHW also covers behavioral health care, durable medical equipment, and medications, which may be covered, but limited, by Medicare and private plans. CHW may also pay balances, including deductibles or co-payments, on services covered by primary insurance.

Methods

Participants included people (ages 21-64) with disabilities who were enrolled in CHW at any time during calendar year 2012 and who also had private insurance, Medicare, or both. MA Medicaid eligibility data provided information on participants' age, gender, and other insurances; monthly earnings; monthly Old-Age, Survivors, and Disability Insurance (OASDI) income; and family income as a percentage of FPL. Participants' characteristics were determined monthly; participants who were not eligible for CHW in a given month were not included in the analysis for that month.

We used CHW claims data to generate cost and utilization statistics for participants who use CHW as wraparound coverage, analyzing fee-for-service claims for services rendered in the months in which the person was included in the sample. We classified services into the following categories: community-based services and supports (non-behavioral health); behavioral health services; inpatient and outpatient services (non-behavioral health); professional services; pharmacy; non-emergency transportation; durable medical equipment and supplies; dental and other services. We further categorized community-based services and supports as: personal assistant services (PAS), home and day health care, adult foster care, and day habitation, and categorized behavioral health services as: community-based mental health services, outpatient

and inpatient psychiatric treatment, and substance abuse services. For these service categories, we calculated total Medicaid costs, cost per member per month, cost per user per month (for those using the service), and unduplicated counts of the number of participants using the service (users), and generated statistics for the total sample and subgroups defined by earnings level and insurance type.

Results

Participant Characteristics

Participants included 15,338 CHW members between ages 21 and 64, enrolled for one or more months during 2012, who had primary coverage through Medicare or private insurance (77% of all CWM enrollees). On average, participants used CHW as wraparound insurance for 8.5 months of the year; 84% of participants had Medicaid, 9% had private insurance, and 8% had both Medicare and private insurance. Characteristics of participants are shown in Table 1.

Table 1: CommonHealth Working Participant Characteristics by Insurance Type

		All (n = 15,338)	Medicare (n = 12,950)	Private (n = 1,433)	Both (n = 1,195)
Male (%)		48	48	49	49
Age Group (%)	21 to 29	4	3	7	8
	30 to 49	33	33	32	43
	50 to 64	62	64	60	49
Earned Income Recorded (%)		94	95	92	86
Maximum Monthly Earnings Amount (%)					
	Up to $999	77	83	31	66
	$1,000 to $1,999	14	13	22	16
	$2,000 or more	9	5	47	18
Received OASDI Income (%)		88	95	31	86
Maximum OASDI Monthly Amount (%)					
	Up to $999	31	30	30	41
	$1,000 to $1,399	37	38	24	27
	$1,400 or more	32	32	46	32
Maximum Monthly FPL (%)					
	133% to 150%	12	13	7	8
	150% to 299%	73	77	52	62
	300% or more	15	10	42	30

Slightly less than half the participants were male and nearly two-thirds were between ages 50 and 64. Overall, earnings were relatively low; 77% of all participants earned under $1,000 per month; earnings were higher for those with private insurance. Administrative records of OASDI income were available for 88% of participants; it is likely that nearly all the OASDI income was disability insurance payments. Fewer participants with private insurance only (no Medicare) had records of OASDI income; only 31% were known beneficiaries of OASDI. These were likely SSDI beneficiaries in the 24-month Medicare waiting period.

Medicaid Expenditures and Utilization

MA Medicaid expenditures and utilization by service categories are shown in Table 2. Expenditures for all CHW participants totaled $55 million in the 2012 calendar year, or $427 per member per month (PMPM). As 90% of participants had a claim during 2012, their costs were only slightly higher than the full sample's at $448 per user per month.

Table 2: Expenditures and Utilization by Service Categories for CHW Participants in 2012

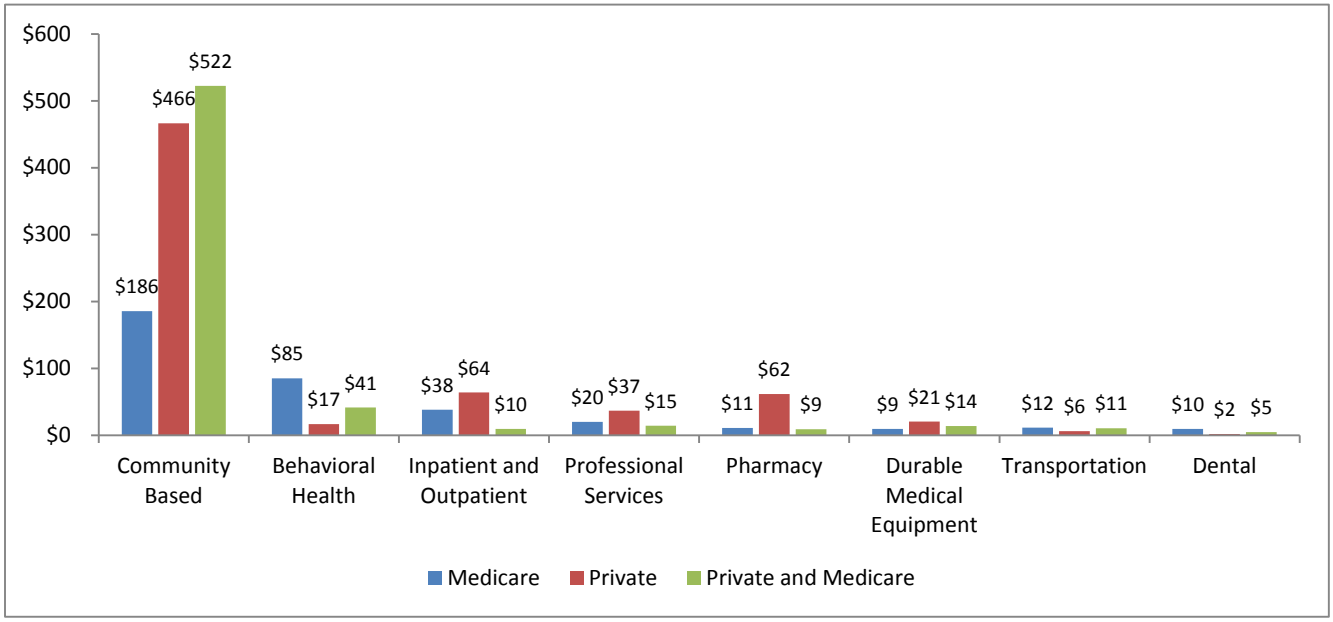
Service Category	Total Expenditures (Million $)	Per Member Per Month Expenditures ($)	Per User Per Month Expenditures ($)	Unduplicated Users (%)
Community-Based Services (Non-Mental Health)	30.0	231	1,957	10.7
Personal Assistant Services	20.8	160	2,260	6.4
Home and Day Health	5.4	42	1,224	3.1
Adult Foster Care	3.2	25	1,310	1.7
Day Habitation	0.5	4	814	0.5
Behavioral Health	10.0	77	170	41.3
Community-Based Mental Health	5.0	38	444	7.8
Psychiatric Treatment (In/Outpatient)	4.2	33	78	37.7
Substance Abuse	0.8	6	256	2.2
Inpatient and Outpatient Services (Non-Behavioral Health)	4.9	38	58	58.4
Professional Services	2.7	21	27	69.6
Pharmacy	1.9	15	22	61.7
Durable Medical Equipment/Supplies	1.4	11	49	18.2
Non-Emergency Transportation	1.4	11	122	8.2
Dental	1.1	9	24	30.2
Other	1.9	15	36	35.8
Total	55.4	427	448	90.1

MA Medicaid expenditures were highest for two kinds of services: non-mental health community-based services and behavioral health services. The former accounted for over $30 million in expenditures, driven by $20.8 million spent on PAS. Home and day health and adult foster care services also accounted for a large portion of the expenditures at $5.4 million and $3.2 million, respectively. Only 11% of participants used these community-based services, but average costs were high among users. For example, only 6% used PAS, but their average costs totaled $2,260 per user per month. Conversely, over 40% of the participants used a behavioral health service, but costs were more at $170 per user per month. Behavioral health spending totaled $10 million; half was for community-based mental health services and $4.2 million for inpatient and outpatient psychiatric treatments.

Medicaid Expenditures by Primary Insurance Provider and Earnings

Expenditures were highest for CHW participants with private insurance at $692 PMPM; slightly less for those with private insurance and Medicare ($637), and markedly less for those with Medicare only ($386). The average expenditures for different service categories varied by participants' primary insurance type (see Figure 1).

Figure 1: Per Member Per Month Medicaid Expenditures by Service and Insurance Type



Note: Services categorized as "other" were omitted.

For all types of insurance, the highest total expenditures were for non-mental health community-based services, but PMPM expenditures for these services and supports were substantially higher for those with private insurance (with or without Medicare) than those with Medicare and no private insurance. This pattern is, in part, driven by use; 10% of Medicare participants used these services compared to 14% of those with private insurance and 20% of those with both Medicare and private insurance. Behavioral health services were the second highest expenditures for those with Medicare, but expenditures were less than half that amount for those with private insurance and Medicare and even lower for those with private insurance.

Across all participants, expenditures had a U-shaped relationship to participants' earnings (data not shown). PMPM expenditures were above $500 for both those earning less than $100 per month and those earning $2,000 or more per month. Expenditures were lowest, around $260 PMPM, for those earning between $500 and $2,000 per month. This U-shaped relationship was most pronounced for those with private insurance. For these participants, expenditures were $958 PMPM for those earning less than $100 per month and $757 PMPM for those earning $2,000 per month or more.

Discussion

Many working people with disabilities in MA use CHW as wraparound coverage to access services that are not covered by their primary insurance and to pay the balance on services partially covered by private insurance or Medicare, highlighting that private insurance and

Medicare do not fully meet the demands of workers with disabilities. A substantial portion of total expenditures was for services that are generally not covered by private insurance or Medicare. Indeed, the largest expenditure category, non-mental health community-based services, includes services such as PAS, which is rarely covered by insurance other than Medicaid, the most significant provider of PAS and PAS in the workplace (LeBlanc 2001; Ellison 2010). CHW expenditures were also significant for community-based mental health services, which were generally not covered by primary insurance. Unlike private insurance or Medicare, MA Medicaid covers community-based psychiatric rehabilitation services to support people with severe mental illness who meet eligibility requirements of the MA Department of Mental Health. The costs for these account for half of all CHW's spending on behavioral health services. Overall, the use of high cost services was relatively low. Fewer than 9% of participants used non-mental health community-based services, community-based mental health, or transportation services. Nonetheless, for those who did, these services may have been vital to maintaining employment (Dowler 2011).

MA Medicaid spent a significant amount of money on services covered by private insurance and Medicare, including psychiatric treatment, pharmacy, professional services, durable medical equipment and medical supplies, and non-mental health inpatient and outpatient services. For these services, expenditures included cost-sharing (for example, copayments or deductibles) or more comprehensive coverage than available through Medicare or private insurance; for example, drugs in the Medicaid formulary that are not in primary insurance formularies, or medical equipment that is not covered by primary insurance. Across all services, expenditures varied by primary insurance, likely reflecting differences in both the relative generosity of Medicare and private insurance and characteristics of beneficiaries.

CHW provides coverage for services that support employment but generally are not covered by other types of insurance. Some workers with disabilities would likely stop working or reduce their hours without the services that support their employment. Thus, without the wraparound coverage CHW provides, there might be fewer employed people with disabilities in MA and more people on the SSDI or SSI rolls as their earnings dropped below the threshold for eligibility.

Implications for Wraparound Plans

The findings from this analysis can help inform a policy or program to provide wraparound services for workers with disabilities. Based on total expenditures, two main issues drive the need for wraparound services: 1) primary insurance limits or does not cover community-based services and supports and 2) some workers have high out-of-pocket costs for services that primary insurance does cover. Community-based services were used by a relatively small number of people, but they were high in cost. Costs for services covered by primary insurance were more moderate and the services were used by the majority of CHW participants. Addressing both wraparound needs would assist many working people with disabilities.

Conclusion

We examined cost and use of wraparound health insurance for people with disabilities. Wraparound insurance can support employment of people with disabilities directly, by covering services such as PAS, or indirectly, by reducing the number of people who limit working to qualify for safety net benefits and associated public health insurance. There is a need for policy analysis to further assess the feasibility and design options for a new wraparound program.

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