Social Security, SSI, and Medicaid Basics

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Basics
Social Security
Old Age, Survivors, and Disability Insurance (OASDI)
Title II

Medicaid
Title XIX

Supplemental Security Income (SSI)
Title XVI

Medicare
Title XVIII

Means-Tested

Earned Through Work Credits
“...security of the men, women, and children of the Nation against certain hazards and vicissitudes of life.”

-- Franklin D. Roosevelt, January 17, 1935

Signing the Social Security Act of 1935.
Social Security Disability Standard

• Medically determinable physical or mental impairment
• Expected to last at least 12 months or result in death
  – Does not mean it has to last forever
• Unable to perform Substantial Gainful Activity or SGA – earnings of $1,070 per month (2014)
  – Does not mean “no work”
Social Security Act, Title II:
Old-Age, Survivors, and Disability Insurance Benefits

Retirees & Dependents: 74%
Survivors: 10%
Disabled Workers & Dependents: 16%

Percent of total Social Security benefits paid.
Social Security

• All parts of the Social Security system are important to people with disabilities:
  – Old-Age Insurance (retirement) – retirees and dependents
  – Survivors Insurance - dependents
  – Disability Insurance (SSDI) – “disabled workers” and dependents

• Movement among programs

• Same structure and benefit formula for 3 programs
  – Benefit levels based on worker’s earnings history / prior contributions
  – Quarters of coverage/work credits

• Eligibility for Medicare – 2-year wait for beneficiaries with disabilities
Social Security Disability Benefits

• Guaranteed monthly benefit
• Adjusted annually, as necessary, for inflation
• Higher replacement rate for lower income earners
• No asset (resource) limits
• Earned income is limited to substantial gainful activity (SGA) level
  – Numerous work incentives allow work above SGA level
    (too complex for this discussion)
• Eligibility for Medicare – 2-year wait for beneficiaries with disabilities
Social Security

Disabled Adult Child (DAC) Benefit

• About 1 million DAC beneficiaries receive an average benefit of $735 /month (Dec. 2013)

• Eligibility:
  – Adult age 18 or older
  – Unmarried (some exceptions)
  – Has a disability that meets the strict Social Security Act standard and began prior to age 22

• Considered a “child’s benefit” because it is paid on a parent’s Social Security earnings record. Triggered by parent’s death, retirement, or disability.
Social Security Trust Funds

• Title II OASDI benefits are paid out of the OASI and DI Trust Funds – NOT general revenues

• Trust Funds are financed by FICA (payroll) taxes (Federal Income Contributions Act)

• DI Trust Fund scheduled to be depleted sooner that OASI Trust Fund
Only Modest Changes are Needed

• Congress could reallocate between OAS and DI Trust Funds.

• Modest changes can make Social Security solvent for the next 75 years.

• Major cuts in benefits or major changes in the structure of Social Security are not needed.

• Major cuts will harm people with disabilities and their families.
Supplemental Security Income (SSI)
Social Security Act, Title XVI

• Provides a modest monthly benefit to seniors and people with severe disabilities who have very low incomes and assets - “means-tested”:
  – 2014 federal payment standard (maximum benefit): $721 / month (individual); $1,082 / month (couple)
  – Asset limits: $2,000 (individual); $3,000 (couple)
Supplemental Security Income, SSI (cont.)

- Benefits are paid from general revenues
- Same disability definition as Social Security
- Beneficiaries typically eligible for Medicaid
- Work incentives encourage beneficiaries to work
Improvements are Needed

- Increase the substantial gainful activity (SGA) level
- Increase the SSI asset limits and income exclusions
- Eliminate marriage penalties
- Eliminate 2-year wait for Medicare (Title II)
- Many more...
Social Security & SSI Beneficiaries with Disabilities

• Over **10 million** Title II “disabled beneficiaries”:
  – 8.9 million disabled workers
  – 257,000 disabled widow(er)s
  – 1 million disabled adult children (DAC)
• About **2 million** children and spouses of disabled workers
• Over **8.3 million** SSI beneficiaries:
  – 1.3 million children under 18
  – 4.9 million adults 18 to 64
  – 2.1 million seniors 65+
• **2.8 million** concurrent SSI & Social Security beneficiaries
Benefits are Modest, but Vital

• Average benefits are modest:
  – SSI: $535 / month (Feb. 2014)

• Benefits make up most/all of a majority of beneficiaries’ income:
  – SSDI is the majority of income for 80% of non-institutionalized beneficiaries
  – SSDI is over 75% of income for nearly 60% of non-institutionalized beneficiaries
  – Over 57% of SSI beneficiaries have no other source of income in a given month
Proposals to Cut Social Security & SSI

• Specific Congressional proposals to cut Social Security and SSI include:
  – Reducing annual cost-of-living increases (chained CPI)
  – Raising the Social Security retirement age
  – Changing the definition of “disability” / eligibility
  – Time limiting benefits
  – Block granting SSI
  – SSI “family maximum” and/or sliding scale
Medicaid Basics Outline

- What is it?
- How does it work?
- Who does it cover?
- What does it cover? (focus on LTSS)
- How much does it cost?
Medicaid Basics

What?

• A “safety net” and “entitlement” program
• Primary health & LTSS insurance program for persons with disabilities and low-income populations.
• Different in each state. For example:
  • Medi-Cal in California
  • Badger Care in Wisconsin
  • TennCare in Tennessee
Medicaid Basics

How?

• Federal government sets minimum eligibility.
• States can expand eligibility.
• States spend a certain amount of money and receive a federal “match”
  
  • Average match:

  $1 state : $1.32 federal
Medicaid Basics

Who?

• Currently covers over 60 million low-income Americans including **9 million non-elderly people with disabilities**

Health Insurance:
• 31 million children
• 16 million adults in low-income families
• 16 million elderly and persons with disabilities

Long-Term Services & Supports:
• 1.6 million institutional residents
• 2.8 million community-based residents

Source: [http://www.kff.org/medicaid/upload/7334-05.pdf](http://www.kff.org/medicaid/upload/7334-05.pdf)
Medicaid: Only Part of the Puzzle for People with I/DD

Major Federal Programs

- Medicaid
- HUD section 8 & 811
- Health Care
- Income Support
- Long term services and supports
- Community Housing

SSI, SSDI
Medicaid

- Medicaid law defines what states:
  1) must do (mandatory)
  2) can choose to do (optional)
  3) cannot do

- However, states can request to do other than that specified in the law by applying for a waiver.
  - There are hundreds of waivers in effect across the country
Medicaid Populations

**Mandatory**

- 50 groups potentially eligible
- Examples:
  - Very Low income families
  - Low income pregnant women and children through age 6
  - Very low income children ages 6 - 18
  - Very low-income individuals with disabilities who qualify for cash assistance under the SSI program*

**Optional**

- Examples:
  - parents with income above AFDC financial levels;
  - pregnant women and infants with family income exceeding 133% FPL up to and including 185% FPL;
  - individuals who are ages 65 and over, or blind, or under age 65 and disabled whose income exceeds the SSI level (about 75% FPL nationwide) up to and including 100% FPL;
SSA Listing of Impairments: “Intellectual Disability”

Significantly subaverage general intellectual functioning with deficits in adaptive functioning initially manifested during the developmental period; i.e., the evidence demonstrates or supports onset of the impairment before age 22:

A. Mental incapacity evidenced by dependence upon others for personal needs (e.g., toileting, eating, dressing, or bathing) and inability to follow directions, such that the use of standardized measures of intellectual functioning is precluded; OR

B. A valid verbal, performance, or full scale IQ of 59 or less; OR

C. A valid verbal, performance, or full scale IQ of 60 through 70 AND a physical or other mental impairment imposing an additional and significant work-related limitation of function; OR

D. A valid verbal, performance, or full scale IQ of 60 through 70, resulting in at least two of the following:
   1. Marked restriction of activities of daily living; or
   2. Marked difficulties in maintaining social functioning; or
   3. Marked difficulties in maintaining concentration, persistence, or pace; or
   4. Repeated episodes of decompensation, each of extended duration.

Source: http://www.ssa.gov/disability/professionals/bluebook/12.00-MentalDisorders-Adult.htm#12_05
Mandatory Medicaid Services

- Inpatient hospital services
- Outpatient hospital services
- Early and Periodic Screening, Diagnostic, and Treatment (EPSDT)
- **Nursing facility services***
- Home health services
- Physician services
- Rural health clinic services
- Federally qualified health center services
- Laboratory and X-ray services
- Family planning services
- Nurse Midwife services
- Certified Pediatric and Family Nurse Practitioner Services
- Freestanding Birth Center services
- Transportation to medical care
- Tobacco cessation counseling for pregnant women
- Tobacco Cessation
Optional Medicaid Services

- Prescription drugs
- Clinic services
- Physical therapy
- Occupational therapy
- Speech, hearing and language disorder services
- Respiratory care services
- Other diagnostic, screening, preventive and rehab services
- Podiatry services
- Optometry services
- Dental services
- Dentures
- Prosthetics
- Eyeglasses
- Chiropractic services
- Private duty nursing services
- Personal care
- Hospice
- Case management
- Services for Individuals Age 65 + in an IMD
- Other services approved by the Secretary
- TB Related Services
- Inpatient psychiatric services for individuals under age 21
- Services in ICF/ID
  - Home and Community-Based Waivers – 1915(c)*
  - State Plan Home and Community Based Services -1915(i)*
  - Self-Directed Personal Assistant Services -1915 (j)*
  - Community First Choice Option - 1915 (k)*

* Mandatory nursing facility benefit and Optional HCBS benefit is referred to as the institutional bias
Long Term Services and Supports (LTSS)

**Institutional**
- Residential facilities which assume **total** care of individuals
- Specific benefits:
  - Hospital services
  - Intermediate Care Facilities for People with Intellectual Disability (ICF/ID)
  - Nursing Facility (NF)
  - Inpatient Psychiatric Services for Individuals Under Age 21
  - Services for individuals age 65 or older in an institution for mental diseases

**Home & Community Based**
- Does not include room and board, income supports.
- Support people to live where they want to live with community supports, such as:
  - personal care attendants
  - residential habilitation
  - supported employment
  - day habilitation
  - family support
  - respite care
  - homemaker assistance
  - home health aides
  - case management
  - transportation
  - assistive technology
  - home modification
  - behavioral therapy
How to Qualify for Medicaid
Long Term Services and Supports

• Standard for “institutional level of need” set by each state
• Because of variability across states, may qualify in one state but not in another
# Medicaid Eligibility

Sample State Income & Asset Limits for “Aged, Blind, and Disabled”

<table>
<thead>
<tr>
<th>Sample states</th>
<th>Monthly Income Limit</th>
<th>Asset Limit</th>
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<tbody>
<tr>
<td>Alabama</td>
<td>$674</td>
<td>$2,000</td>
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<tr>
<td>Alaska</td>
<td>$1,252 (APA-based income)</td>
<td>$2,000</td>
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<tr>
<td>Arizona</td>
<td>$903</td>
<td>No Limit</td>
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<tr>
<td>Arkansas</td>
<td>$674</td>
<td>$2,000</td>
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<tr>
<td>California</td>
<td>$903</td>
<td>$2,000</td>
</tr>
<tr>
<td>Colorado</td>
<td>$674</td>
<td>$2,000</td>
</tr>
<tr>
<td>Connecticut</td>
<td>$506 (Regions B &amp; C)</td>
<td>$1,600</td>
</tr>
<tr>
<td></td>
<td>$611 (Region A)</td>
<td></td>
</tr>
<tr>
<td>Delaware</td>
<td>$674</td>
<td>$2,000</td>
</tr>
<tr>
<td>DC</td>
<td>$903</td>
<td>$4,000</td>
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</tbody>
</table>

- Monthly limits range from $506 - $903 (excluding AK & HI)
- Translates to annual incomes of $6,072 - $10,836

State Option: Home & Community-Based Services

- Must meet state-defined criteria based on need
- Typically get combination of acute-care & LTSS
- No longer have to meet “institutional level of care”
- States would have to serve people up to 150% of FPL & may serve those up to 300% of SSI
- Includes so called “Katie Beckett waiver”
- Starting Oct 1, 2010 (from the health care reform law):
  - “Waiver of comparability” allowed (can target populations & services (i.e. autism-specific services)
  - Service definitions expanded
  - No caps to enrollment
  - Services must be provided statewide
Medicaid Waivers - What are they?

Vehicles used by states to test new or existing ways to deliver and pay for certain *optional* health care services

<table>
<thead>
<tr>
<th>1115</th>
<th>1915(b)</th>
<th>1915(c)</th>
<th>Concurrent</th>
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<tbody>
<tr>
<td>Research and Demonstration</td>
<td>Managed Care/Freedom of Choice</td>
<td>Home and Community-Based Services</td>
<td>1915(b) &amp; 1915(c)</td>
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Source: [http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/Waivers.html](http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/Waivers.html)
Section 1915 (c) Home & Community Based Service Waivers

- Provides long-term care in home & community rather than institutions

- States required to:
  - Demonstrate that waiver services won’t cost more
  - Ensure the protection of people’s health and welfare
  - Provide adequate and reasonable provider standards
  - Have individualized and person-centered plans of care

- However, states allowed to:
  - cap services
  - maintain waiting lists
Can finance services such as:

- Supported living
- Personal care
- Residential habilitation
- Supported employment
- Day habilitation
- Family support
- Respite
- Home health aides

- Case management
- Transportation
- Assistive technology
- Adapted equipment
- Home modification
- OT/PT/Behavioral Therapy
- Homemaker assistance
- “Other” (200+ services)
## Medicaid Waivers

Now Available on CMS Website

<table>
<thead>
<tr>
<th>State</th>
<th>Official Program Name</th>
<th>Waiver Authority</th>
<th>Status</th>
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<tbody>
<tr>
<td>Alabama</td>
<td>Alabama Plan First</td>
<td>1115 Family Planning</td>
<td>Current</td>
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<tr>
<td>Alabama</td>
<td>Alabama Patient 1st 1915(b)</td>
<td>1915(b)</td>
<td>Current</td>
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<tr>
<td>Alabama</td>
<td>Alabama Individuals w/HIV/AIDS &amp; Related Illnesses (40382.R01.00)</td>
<td>1915(c)</td>
<td>Current</td>
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<td>Alabama</td>
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<tr>
<td>Alabama</td>
<td>AL SAIL (0241.R04.00)</td>
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<tr>
<td>Alabama</td>
<td>AL HCBS Living at Home Waiver for Persons w/ID (0391.R02.00)</td>
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<tr>
<td>Alabama</td>
<td>AL Technology Assisted Waiver (0407.R02.00)</td>
<td>1915(c)</td>
<td>Current</td>
</tr>
</tbody>
</table>

People with I/DD Receiving 1915(c) Waiver Services

Source: http://www.statehealthfacts.org/comparetable.jsp?ind=241&cat=4
What’s it Cost?
What We Spend

TOTAL FEDERAL SPENDING IN FY 2013 = $3.455 Trillion
(in billions)

Mandatory Spending

- Medicaid $265
- Medicare $492
- Social Security $808
- Interest $221
- Other $521

Non Defense $522

Defense $626

Includes all other disability-related programs

**Significant Part of State Budgets**

*Since the federal government reimburses states an average of 57%, Medicaid actually accounts for 16% of state general fund spending.*

- Medicaid: 22% *
- K-12 Education: 21%
- Higher Ed: 10%
- All Other: 47%

Source: [http://www.kff.org/medicaid/upload/7580-08.pdf](http://www.kff.org/medicaid/upload/7580-08.pdf)
Spending on 1915(c) Waiver Services for People with I/DD

In thousands

<table>
<thead>
<tr>
<th>Category</th>
<th>In thousands</th>
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</thead>
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<td>I/DD</td>
<td>$20,000,000</td>
</tr>
<tr>
<td>Aged</td>
<td>$0</td>
</tr>
<tr>
<td>Aged &amp; Disabled</td>
<td>$5,000,000</td>
</tr>
<tr>
<td>Physically disabled</td>
<td>$0</td>
</tr>
<tr>
<td>Children</td>
<td>$0</td>
</tr>
<tr>
<td>HIV/AIDS</td>
<td>$0</td>
</tr>
<tr>
<td>Mental Health</td>
<td>$0</td>
</tr>
<tr>
<td>TBI/SCI</td>
<td>$0</td>
</tr>
</tbody>
</table>

Take Away Messages

• Medicaid is by far the most important source of health care & LTSS for people with I/DD

• However:
  – must be very poor
  – must have significant disability
  – provides limited benefits
  – may have to wait for years to get services
  – most people with I/DD are not receiving HCBS

• Program is at risk
Key Message to Congress

New budget plans must increase revenues and preserve Medicaid, Medicare, Social Security & SSI.