Department of Planning and Budget
2011 Fiscal Impact Statement

1. **Bill Number:** HB 2384

House of Origin	☐	Introduced	☒	Substitute	☐	Engrossed
Second House	☐	In Committee	☐	Substitute	☐	Enrolled

2. **Patron:** Orrock

3. **Committee:** Appropriations

4. **Title:** Medicaid Works program - maximum allowable earnings

5. **Summary:** The bill, as amended, increases the maximum allowable gross earnings for individuals participating in the Medicaid Works program to the maximum gross income amount allowed by the federal Ticket to Work and Work Incentives Improvement Act of 1999 (P.L. 106-170) that does not trigger collection of mandatory premiums.

6. **Budget Amendment Necessary**: No.

7. **Fiscal Impact Estimates are:** Unknown. SEE ITEM 8.

8. **Fiscal Implications:** Virginia's Medicaid buy-in program (Medicaid Works) was implemented on January 1, 2007. It is a work incentive program that allows individuals with disabilities who are employed or want to work to retain higher income and more resources without losing their Medicaid coverage. The current enrollment, as of January 16, 2011, is 33 individuals.

   The bill does not expand eligibility for the program, but rather allows those in the program to accept employment or promotions at higher levels of income. The income eligibility threshold remains at 80 percent of the federal poverty level, which the bill does not change. Therefore, there will be no increase in program enrollment as a result of this bill.

   Currently, participants in Medicaid Works are limited to earned income of no more than 200 percent of the federal poverty level, which equates to approximately $21,660 in 2010 for a single individual (or a maximum of $44,100 with income disregards). This bill allows participants to earn up to the maximum income (about $75,000) allowed by federal law without triggering mandatory collect of premiums (no premiums are currently required to participate in the program).

   The fiscal impact is unknown, because it is not possible to determine the behavior of individuals impacted as a result of this bill. If the bill is passed, individuals in the program will be able remain eligible for Medicaid with higher income than otherwise is allowed under current law. If any participants in the program eventually exceed the income limits under current law, they would lose their Medicaid eligibility. As a result of this bill, any individual in that scenario will be able to retain their Medicaid coverage. However, it is generally thought that such behavior is unlikely to occur, because the loss of the Medicaid benefit is too important of an incentive for program participants to jeopardize (Medicaid coverage is much more extensive than typical health insurance). Therefore, no fiscal impact is expected as a result of this bill.

The federal Ticket to Work and Work Incentives Improvement Act of 1999 (TWWIIA) set guidelines for a cost-sharing component of the program. Cost sharing, or premiums, can be charged to participants and must be charged to individuals whose adjusted gross income, regardless of disregards, exceeds $75,000. This bill limits the income at the level beyond which mandatory premium collections would be triggered.

9. **Specific Agency or Political Subdivisions Affected:** Department of Medical Assistance Services.

10. **Technical Amendment Necessary:** No.

11. **Other Comments:** None.

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