



Virginia Department of Planning and Budget **Economic Impact Analysis**

12 VAC 30-40 Eligibility Conditions and Requirements
Department of Medical Assistance Services
February 16, 2015

Summary of the Proposed Amendments to Regulation

Pursuant to direction from the federal Centers for Medicare and Medicaid Services (CMS), the Department of Medical Assistance Services (DMAS) proposes to: 1) specify an action to be taken in order for certain types of income to be disregarded when determining Medicaid Works program eligibility, and 2) disregard parental income when determining Medicaid Works program eligibility for individuals under 21.

Result of Analysis

The benefits likely exceed the costs for all proposed changes.

Estimated Economic Impact

Medicaid Works program

The Medicaid Works program is a work incentive opportunity offered by the Virginia Medicaid program for individuals with disabilities who are employed or who want to go to work. It is a voluntary Medicaid plan option that enables workers with disabilities to earn higher income and retain more in savings, or resources, than is usually allowed by Medicaid. The program provides the support of continued health care coverage so that people can work, save and gain greater independence. To qualify for Medicaid Works, applicants must be determined to meet the income, asset and eligibility requirements for the Aged, Blind and Disabled (80% of the Federal Poverty Level) Medicaid covered group by their local Department of Social Services.

To enroll in Medicaid Works, applicants must first establish a Work Incentive (WIN) account at a bank or other financial institution. The WIN account is not a special account available at a bank, but can be a regular checking or savings account that the enrollee identifies

for this purpose. Only earned income may be deposited in the WIN account. One or more WIN accounts must be designated by enrollees and used to deposit all earned income and to keep any resources, or savings, above \$2,000 in order to remain eligible for this Medicaid program. By placing the earned income in the WIN account, enrollees can have resources in the account of up to \$34,543 during calendar year 2015 and annual earnings of up to \$75,000. There are no restrictions on use of funds in the above WIN account(s); so they may be used as needed.

Disregarded income for Medicaid Works eligibility

In determining continued eligibility for the Medicaid Works program, the current regulation indicates that the Commonwealth will disregard any increase in the amount of unearned income in Social Security Disability Insurance (SSDI) payment resulting from employment as a worker with disabilities eligible for assistance under the Social Security Act, or as a result of a cost of living adjustment to the SSDI payment. Per CMS' direction, DMAS proposes to specify that the increase in the amount of unearned income in SSDI payment must be deposited in the WIN account in order for it to be disregarded.

The current regulation also indicates that for the purpose of determining Medicaid Works eligibility, the Commonwealth will disregard any increase in the amount of unearned income due to the receipt of unemployment benefits. Per CMS' direction, DMAS also proposes to specify that the increase in the amount of unearned income from the unemployment cash benefit must be deposited in the WIN account in order for it to be disregarded.

Since there are no restrictions on the use of funds in WIN accounts, the proposals to add the language specifying that these increases in unearned income must be deposited in the WIN account in order for them to be disregarded for Medicaid Works eligibility will likely not be significantly burdensome for Medicaid Works participants. The Commonwealth's receipt of federal funds for Medicaid is partially dependent on federal approval of the state's programs. Thus the proposal to comply with this federal requirement should produce a net benefit.

CMS also requires that if the Commonwealth elects to disregard parental income when determining continuing eligibility of Medicaid Works' enrollees who are under the age of 21, then the Commonwealth must also apply the same disregard for applicants to the program who are under the age of 21. Thus DMAS proposes to exempt such income when determining eligibility for applicants and ongoing enrollees. Though this proposed change will not likely

affect many people, it may help enable a few additional individuals with disabilities to benefit from the Medicaid Works program and be able to work without risking loss of health insurance.

Businesses and Entities Affected

The proposed amendments affect individuals with disabilities eligible or potentially eligible for the Medicaid Works program. Currently fewer than 100 individuals participate.

Localities Particularly Affected

The proposed amendments do not disproportionately affect particular localities.

Projected Impact on Employment

The proposal to disregard parental income for individuals under 21 may enable some young people with disabilities to become newly eligible for the Medicaid Works program. This would allow such individuals to increase working without losing health insurance.

Effects on the Use and Value of Private Property

The proposed amendment does not significantly affect the use and value of private property.

Small Businesses: Costs and Other Effects

The proposed amendments do not significantly affect costs for small businesses.

Small Businesses: Alternative Method that Minimizes Adverse Impact

The proposed amendments will not adversely affect small businesses.

Real Estate Development Costs

The proposed amendments will not affect real estate development costs.

Legal Mandate

General: The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with § 2.2-4007.04 of the Code of Virginia and Executive Order Number 17 (2014). Section 2.2-4007.04 requires that such economic impact analyses determine the public benefits and costs of the proposed amendments. Further the report should include but not be limited to:

- the projected number of businesses or other entities to whom the proposed regulatory action would apply,

- the identity of any localities and types of businesses or other entities particularly affected,
- the projected number of persons and employment positions to be affected,
- the projected costs to affected businesses or entities to implement or comply with the regulation, and
- the impact on the use and value of private property.

Small Businesses: If the proposed regulatory action will have an adverse effect on small businesses, § 2.2-4007.04 requires that such economic impact analyses include:

- an identification and estimate of the number of small businesses subject to the proposed regulation,
- the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the proposed regulation, including the type of professional skills necessary for preparing required reports and other documents,
- a statement of the probable effect of the proposed regulation on affected small businesses, and
- a description of any less intrusive or less costly alternative methods of achieving the purpose of the proposed regulation.

Additionally, pursuant to § 2.2-4007.1, if there is a finding that a proposed regulation may have an adverse impact on small business, the Joint Commission on Administrative Rules (JCAR) is notified at the time the proposed regulation is submitted to the *Virginia Register of Regulations* for publication. This analysis shall represent DPB's best estimate for the purposes of public review and comment on the proposed regulation.

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