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## HOUSE FISCAL AGENCY

124 N. Capitol Avenue  
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HB4650 AS INTRODUCED

Sponsor  
Committee

Rep. Gerald Van Woerkom  
HEALTH POLICY

Analyst(s) Fairgrieve, Bill

Completed 6/18/01

### State Fiscal Impact

### Local Fiscal Impact

Cost	Indeterminate/Increase
Revenues	None

Cost	None
Revenues	None

House Bill No. 4650 would amend the Social Welfare Act to establish a Medicaid Buy-In program for working disabled adults who otherwise would not qualify for the program because their income and/or assets exceed the Medicaid financial eligibility thresholds. Health care coverage would also be continued for persons whose medical improvement would otherwise result in their no longer being eligible for Medicaid. In addition, the bill would provide for personal assistance services to the extent necessary to enable the person to remain employed.

The potential costs of extending Medicaid coverage as outlined in the bill on a statewide basis would be significant. The actual amount of increased expenditures would be contingent upon a variety of factors including the financial eligibility levels established, the number of qualifying persons who obtain employment, and the amount of premiums or other cost sharing required.

In Michigan, there are about 200,000 disabled adults of working age who are currently eligible for Medicaid. The average annual Medicaid costs for this population are approximately \$8,500 per person. Overall, it is estimated that there are about 50,000 uninsured disabled persons who may potentially qualify for the Medicaid Buy-in program. Coverage for all of these persons with an average premium and cost sharing of 20% would result in annual expenditures of \$340 million (\$148.4 million GF/GP). It is possible that the employed disabled persons who seek coverage may have lower overall health care costs than the average of the Medicaid population. If this is the case, overall expenditures would be lower, but how much lower is unknown at this time. There would also be increased costs associated with personal assistance services that are not currently covered under the Medicaid program.

It is assumed in this analysis that less than a majority of the adult disabled population would obtain employment with earnings above the current Medicaid eligibility level. If actual participation in the program is in the range of 30 - 50%, this would lower the estimated annual statewide costs to between \$100 million and \$170 million (\$44 million - \$74 million GF/GP). A pilot project limited to a particular geographic area, a specific number of participants, or to persons who were previously eligible for Medicaid would reduce the fiscal impact accordingly.