



CALIFORNIA HEALTH ADVOCATES

Medicare and People with Disabilities: An Overview

This is a fact sheet on Medicare for people with disabilities. It provides basic information on the program, including tips and other useful information to help people with disabilities understand and navigate Medicare with other disability benefit programs, learn about other services available to them, and money saving programs related to their Medicare costs.

The Basics

Medicare is our only national health insurance program, serving some 44 million Americans. The program provides health benefits to almost 7 million people younger than 65 who have a disability or chronic condition. These people are entitled to Medicare primarily through their qualification for Social Security Disability Insurance (SSDI) benefits, or because they have End Stage Renal Disease (ESRD), or Amyotrophic Lateral Sclerosis (ALS), known as Lou Gehrig's disease.

Medicare Eligibility Requirements

If you receive SSDI, you're eligible for Medicare. Wage replacement SSDI benefits are based on work credits earned through Social Security, Railroad Retirement, or Medicare covered government employment. Many people with disabilities, including children, do not have Medicare benefits because they do not have the work credits needed to qualify for SSDI benefits.

To be eligible for coverage, a family member or the beneficiary younger than 65 must have a work history which included FICA tax contributions that pay for SSDI. In some instances, an individual may qualify for SSDI on the FICA contributions of a parent as a Childhood Disability Beneficiary (CDB) or as a disabled spouse of a deceased spouse. To be eligible for Medicare, a beneficiary must be a U.S. citizen or legal permanent resident.

Those who do not have work credits or a work history, as well as disabled children and adults who are ineligible for SSDI, can be eligible for Supplemental Security Income (SSI) benefits. People with SSI are automatically eligible for Medi-Cal-covered medical services in California. See our fact sheet on Medi-Cal for more information at cahealthadvocates.org.

Some SSDI beneficiaries who had a short or small work history can be eligible for a small SSDI cash benefit and an SSI cash benefit to supplement it.

While the medical test to qualify for SSDI and/or SSI benefits is exactly the same, the difference in benefit eligibility has to do with the extent of one's work history, as well as available assets and resources.

Medicare's Connection to SSDI Benefits

There is a strict test to qualify for SSDI. People from 18 to 62 years of age must show medical evidence that they are unable to work for at least 1 year at any job in the national economy because of a qualifying physical and/or mental impairment, or combination of impairments, or be expected to die as a result of the impairment(s). You can apply for SSDI at your local Social Security Administration (SSA) office, or online at socialsecurity.gov.

When Does Medicare Begin?

You must qualify for, and receive, SSDI benefits to be eligible for Medicare. Once approved for SSDI, you must wait 5 months before the SSDI cash benefit begins, then an additional 24 months before receiving Medicare benefits. If you receive benefits because you have Amyotrophic Lateral Sclerosis (ALS), known as Lou Gehrig's disease, you can get Medicare the first month you receive SSDI payments.

If you have ESRD, you can get Medicare within 3 months of your first dialysis treatment. You will still have to file for your disability cash benefits to get monthly SSDI payments.

Note: Once you qualify for SSDI payments and have waited the 29 months mentioned above, you will then also be eligible for Medicare under a second category of eligibility, disability. If you have, or later develop, other serious health conditions, your Medicare benefits based on your disability can continue even if you lose your ESRD Medicare eligibility because you have a successful transplant and/or no longer need dialysis. See our fact sheet on ESRD for more information at cahealthadvocates.org.

When Does Medicare End?

Medicare can end before you reach retirement if your medical condition improves. Social Security periodically reviews all SSDI awards. If Social Security decides that your medical condition has improved, or if you have a successful kidney transplant, and you do not have or develop other health conditions, then you can lose your SSDI benefits and the Medicare health coverage.

Note: Because of federal legislation known as the Ticket Act, a disabled Medicare eligible person can return to work and keep his or her Medicare benefits (Part A free) for at least 8.5 years after the start of employment, in some cases, longer. This Medicare eligibility falls into 3 distinct timeframes: a 9-month Trial Work Period (TWP); an Extended Period of Eligibility (EPE), which can continue for as long as 93 months after the trial work period has ended; and an indefinite access to Medicare by purchasing Part A until a person reaches age 65. Once a beneficiary is 65, Social Security transfers eligibility to their retirement benefits. See Social Security's website at ssa.gov/work/receivingbenefits.html, or db101.org – Social Security Disability Programs for more information. (Note: people with low-incomes can get help purchasing Part A through the Qualified Disabled and Working Individual (QWDI) Medicare Savings Program. See our fact sheet on the Medicare Savings Programs at cahealthadvocates.org.)

The Details

Medicare with Other Insurance or Health Coverage

Since its start in the 1960s, Medicare has not provided fully comprehensive health coverage. People with Medicare often combine it with a variety of public or private health coverage options. This can be very helpful in accessing more services or saving money. How Medicare interacts with other private or public health coverage options, however, can have many rules you will need to understand.

People with Medicare younger than 65 may have additional health benefits through the active employment of a spouse or a parent. These health benefits pay for services first (as the primary insurer) when the employer has 100 or more employees; Medicare is the secondary payer and pays only after the employer health plan has paid.

People with End Stage Renal Disease (ESRD) may continue to work and have coverage through their employment. When a person has Medicare because of ESRD, the employer plan must pay primary benefits during a 30 month coordination period, regardless of the size of the group or employment status of the individual.

In other circumstances, a person with Medicare may also have his or her own individual health benefits, or have benefits through an employer group with fewer than 100 employees. In these cases Medicare is likely to be primary and other benefits secondary. In cases where a person with Medicare is making a transition from employer coverage to other benefits such as COBRA, it may be necessary to add Part B and Part D benefits to replace benefits that were formerly covered by an employer plan. Please see our series "Medicare and Other Health Insurance Coverage" at cahealthadvocates.org.

Deciding whether other health benefits pay first or whether Medicare pays first is confusing to the covered person, the employer, and the medical provider. In addition, younger people with Medicare don't have the same rights as people 65 or older to a Medicare supplemental insurance policy to cover their co-payments, deductibles, and some services not covered by Medicare. For

these issues, review our fact sheets “Supplementing Medicare: When You or Your Spouse Works” and “Your Rights to Purchase a Medigap Plan” at cahealthadvocates.org.

Dual Eligibility: Medicare and Medi-Cal Services

Medicare beneficiaries who also receive Medi-Cal services are known as “dual eligibles.” While there are income and asset requirements that must be met, many people with disabilities may be in this “dual eligibility” category without knowing it. If you are medically eligible for Medicare because you receive SSDI, you are already medically eligible for Medi-Cal. The actual Medi-Cal eligibility depends on your living situation, and available income or assets. Medi-Cal has many points of entry and many services not available in Medicare, including financial help with the costs of getting Medicare services.

We outline some of the Medi-Cal points of entry commonly used by Medicare beneficiaries in California. For these people, Medi-Cal can help supplement Medicare services. They may be able to use Medi-Cal to pay for Medicare premiums, deductibles, and co-insurance. In some cases, Medi-Cal may be used to pay for private health coverage premiums. Medicare Part D has special rules and has a low-income subsidy program to help cover the costs for dual eligibles.

Medicare beneficiaries who receive Supplemental Security Income (SSI) payments automatically receive Medi-Cal as part of their SSI eligibility. Beyond this large number of people, there are more than 90 Medi-Cal aid codes (ways for people with disabilities to qualify for full- or partial-scope Medi-Cal). Medicare beneficiaries younger than 65 might consider the several Medi-Cal categories below.

250% California Working Disabled Program

The 250% California Working Disabled (CWD) program helps Californians who are working, disabled, and whose income is too high to qualify for free Medi-Cal. Californians who qualify may be able to get Medi-Cal by paying a small monthly premium based on their income. Premiums range

from a minimum of \$20 to a maximum of \$250 per month for an individual or from \$30 to \$375 for a couple.

To qualify, you must:

- Meet the medical requirements of Social Security’s definition of disability, but you don’t have to meet Social Security’s income and work requirements.
- Be working and earning income. This can be part-time work.
- Have countable income less than 250% of the federal poverty level (\$2,258/month for individuals and \$3,035/month for couples in 2009).

Any disability income does **not** count for the 250% CWD program. This means that Social Security Disability Insurance (SSDI), Worker’s Compensation, California State Disability Insurance, and any federal, state, or private disability benefits are not considered as countable income for this program.

Note: You do not need to be a Medicare beneficiary to enroll in the 250% CWD program. And being a Medicare beneficiary does not preclude you from applying for the 250% CWD program. If you have Medicare, the 250% CWD program pays your Medicare Part B premium.

Aged & Disabled Federal Poverty Level Medi-Cal

If you are aged or disabled, and are not eligible for the SSI program, you may be able to get Medi-Cal through the Aged & Disabled Federal Poverty Level program. You must:

1. Be either aged (65+), or disabled (meet Social Security’s definition of disability, even if your disability is blindness).
2. Have less than \$2,000 in assets (\$3,000 for a couple). Like SSI, this program does not count all of your assets.
3. Through March 31 of 2010, have less than \$1,133 in countable monthly income for an individual (\$1,525 for a couple). This Medi-Cal program uses SSI countable income rules with a few extra rules you need to know (See db101.org - Medi-Cal).

If you qualify, this program could be a pathway to dual eligibility and its many benefits.

Medi-Cal with a Share of Cost

If your monthly income is higher than the income limits to qualify for SSI or the A&D-FPL Program but you meet the asset requirement, you may still be eligible for Medi-Cal with a share of cost (SOC). The SOC functions like a deductible. If you incur medical expenses that meet or exceed your SOC, Medi-Cal pays the remainder of your medical expenses for that month.

Note: A SOC is not a monthly premium. It is the amount of medical expenses you have to incur to become eligible for full Medi-Cal coverage.

Your SOC is based on your monthly countable income. The higher your countable income, the higher your SOC. To calculate your SOC, subtract from your countable income \$600 (for an individual) or \$934 (for a couple) and any health insurance premiums you may be paying, including premium for dental insurance. The remainder is your SOC.

Note: As of November 1, 2008, Medi-Cal no longer covers the monthly Medicare Part B premium (\$96.40 in 2009) for people with a SOC over \$500. For these beneficiaries, their Part B premiums will be automatically deducted from their Social Security checks. One exception is for SOC beneficiaries who are also in a Medicare Savings Program (MSP) that pays Medicare's Part B premium (QMB, SLMB, or QI). These beneficiaries are not affected and continue to have their Part B premium covered. See our fact sheet on MSPs for more information at cahealthadvocates.org.

If you have a SOC over \$500 and meet your SOC in any given month, you will be paid retroactively for your Part B premium. Medi-Cal will send the payment to the Social Security Administration (SSA) and SSA will refund you the premium amount. Any Part B premium refunds received from SSA will be counted as a resource, not income, in the month you receive it.

Also, if you meet your SOC for any one month between January 1 to June 30, you automatically qualify for the Part D low-income subsidy (LIS)

program for the rest of the calendar year. If you meet your SOC for any one month between July 1 to December 31, you qualify for the LIS for the rest of the calendar year and the following year. For more information on this Extra Help, see our fact sheet "Low-Income Assistance: Extra Help for Part D Costs" at cahealthadvocates.org.

Your Assets and Resources and Medi-Cal

To qualify for any of these 3 Medi-Cal programs, you must meet certain property/resource limits or requirements. These requirements depend on your family size: \$2,000 for an individual, \$3,000 for a couple, \$3,150 for 3 people (add \$150 for each additional person). You can own the home you live in and the car you drive. Those 2 assets are exempt.

Medi-Cal's Health Insurance Premium Payment (Medi-Cal/HIPP) Program

There are certain situations when Medi-Cal will pay for your private health insurance premiums. This program—the Medi-Cal/HIPP program—is for people who are on Medi-Cal, have private health insurance, have a high cost medical condition, and have lost (or are about to lose) private coverage. If you are at risk of losing your private insurance, Medi-Cal can either pay for your medical expenses or pay the premium for you to keep the private coverage. Medi-Cal will do whichever costs less for them. Medi-Cal should evaluate your eligibility for Medi-Cal/HIPP when you indicate that you have insurance available but haven't applied for it, that you are about to end your health insurance, or that your policy has lapsed.

If you are eligible for Medi-Cal/HIPP, you will still be on Medi-Cal. The only change will be for those who did not previously have private coverage. If that's the case, Medi-Cal will become the payer of last resort. If you are accepted into the Medi-Cal/HIPP program, you must participate or else you can lose your Medi-Cal eligibility. If a new job opportunity or other occasion presents itself with new health coverage options that require you to

pay premiums, Medi-Cal/HIPP may be a good option for you.

Medicare beneficiaries who are in fee-for-service Medicare can apply for the Medi-Cal/HIPP program to cover other health insurance premiums. The Medi-Cal/HIPP program does not help pay for the costs of any Medicare services, however, and is not available to those enrolled in a Medicare Advantage plan.

PASS – SSI Program’s Plan to Achieve Self-Support

A Plan to Achieve Self-Support (PASS) is an SSI Program. PASS can help those who might otherwise be ineligible for SSI to set aside income or resources in a PASS so that they can qualify for SSI. They develop a work goal and a plan to achieve it. It is a way for SSI recipients to set aside and save income and/or resources in a separate bank account to achieve a planned work goal that Social Security approves of. A PASS plan, for example going to college, once approved by Social Security, could take several years to complete. When the PASS is approved, the Medicare beneficiary will also receive Medi-Cal for the entire time that the PASS plan is in effect (see PASS - db101.org).

Medicare Savings Programs

California administers 4 programs that can pay for Medicare premiums, co-insurance, or deductibles for certain low-income Medicare beneficiaries. You may be eligible depending on your income or assets. These programs are known as Medicare Savings Programs. Each program has specific income limits and pays for different Medicare costs. For more information, see our fact sheet “Medicare Savings Programs” at cahealthadvocates.org.

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The California Work Incentives Initiative (CWII) at the World Institute on Disability (WID) contributed editing and research for this fact sheet for California Health Advocates (CHA); CWII provides health coverage, work and benefits information to people with disabilities in California via community outreach, training and the web at db101.org.