

North Dakota Department of Human Services
Overview of Recent Medicaid Article
“Medicaid for the middle class?”
Health Care Reform Review Committee
July 7, 2011

The attached article recently appeared in *The Bismarck Tribune*. It describes a situation in which early retirees (ages 62 through 64) with income above the income levels would still qualify for Medicaid. These individuals would fall under the newly covered group of childless adults under age 65 who will qualify for Medicaid under the Affordable Care Act. These people will be able to qualify because of language in the Affordable Care Act that disregards Social Security benefits when determining their eligibility, thus reducing their countable income. The article included an illustration of a married couple retiring at age 62 in 2014 and receiving the maximum Social Security benefit of \$23,500 each. They could get \$17,000 from other sources and still qualify for Medicaid with a total income of \$64,000. The Medicaid expansion in the health care law was supposed to benefit childless adults with incomes up to 138 percent of the poverty level, but the Social Security disregard would mean the couple in the article could have income at about four times the federal poverty level. The new law does not affect individuals who apply for Medicaid as a disabled individual, or who are age 65 or older.

Broader Impact

While the article addresses people who are age 62 through 64 who draw early retirement, it does not address all of the potential impacts to the Medicaid program. What the article does not identify is that it will also affect people of any age who draw a Social Security benefit. These include children who receive a Social Security benefit and anyone else who is a caretaker relative of children.

When a child receives a disability or survivors Social Security benefit today, the benefit they receive is considered in determining their eligibility for Medicaid. With the change in the Affordable Care Act, those benefits would be disregarded. The change will allow more children and their parents to qualify for full Medicaid coverage.

Likewise, when a parent, grandparent or other relative who is the caretaker of a child receives a Social Security benefit because they are disabled or age 65 or older, that benefit is considered when determining eligibility under today's rules. A separate Medicaid provision requires that Medicaid allow people who can qualify under more than one category, to choose their category. This means those caretakers will be able to choose to qualify as a caretaker relative instead of as a disabled or aged person, and by doing so, Medicaid will not count their Social Security income.

In all states it will mean that new individuals will qualify for Medicaid, but in medically needy states like North Dakota, it will also mean that individuals who qualify under current rules will pay less toward their care in the future. Both will have corresponding increases in costs to the Medicaid program.

There are federal discussions about seeking a solution to this loophole.

Due to the number of variables and unknowns, the Department is unable to estimate how many people may “qualify” under this situation or how many people would take advantage of it.