

Protecting Health Coverage For People With Disabilities Who Work

Editors' Note: The information presented in this Section regarding SSDI and SSI work incentives is adapted or reprinted from material from the Social Security Administration's 2004 Red Book, available online at <http://www.ssa.gov/work/ResourcesToolkit/redbook.html>. Similarly, information presented on Medicare and/or Medicaid coverage options for employed individuals with disabilities is based on information that is included in the Red Book or posted on the Centers on Medicare and Medicaid Services website at <http://www.cms.hhs.gov/twwiia/factsh01.asp>. Additionally, for background information on Medicare and Medicaid coverage, see the companion document to this publication, *Navigating Medicare and Medicaid, 2005: A Resource Guide for People with Disabilities, Their Families, and Their Advocates*, available from the Kaiser Family Foundation at www.kff.org.

Few groups of adult Americans have higher rates of unemployment or lower rates of participation in the labor force than people with disabilities. While barriers to employment exist in a number of areas, protecting access to health care has historically been a significant barrier that prevented people with disabilities who would like to work from seeking employment.

The program rules for Medicare and Medicaid with regard to work are complex. The standard of disability from which eligibility for both Medicare and Medicaid is determined is tied to the inability to be engaged in substantial gainful activity in the national economy—a substantial barrier that prevents people with disabilities enrolled in Medicare or Medicaid from working. However, there have been longstanding policies of both Medicare and Medicaid that permit employment in certain circumstances. Recently, Congress has enacted additional legislation to remove more of the disincentives to work and to make it easier for people with disabilities to work and to continue to receive health care coverage and long-term services and supports through Medicare and Medicaid—many of these services are frequently unavailable through private, employer-sponsored health insurance programs.

This guide will explain many of the complex issues and policies that can be used to help people with disabilities to keep their health coverage and seek employment.

Can a person with a disability on Medicare and/or Medicaid be employed?

Yes, under certain conditions.

Until fairly recently, federal law has made it extremely difficult for individuals with disabilities to be competitively employed and still retain vital Medicare- or Medicaid-funded benefits that often makes work possible. To correct this flaw, Congress has added several “work incentives” to the Social Security Act that enables you to:

- Receive education, training and rehabilitation to start a new line of work;
- Keep some or all of SSDI or SSI cash benefits while working;
- Obtain or retain vital Medicaid coverage while working; and,
- Retain existing Medicare coverage while working.

Do all work incentives apply to everyone on SSDI and SSI?

No. Some work incentives apply to people with disabilities regardless of the particular cash benefit they receive—SSDI or SSI. Certain incentives only apply to those receiving SSDI, while others can only be used others persons receiving SSI.

Generally speaking, the incentives that will be discussed are meant to help employed individuals with disabilities do one of three things:

- a. Retain some or all of their SSDI or SSI cash benefits;
- b. Obtain rehabilitation, training and employment support; and/or
- c. Retain vital health coverage through Medicare and/or Medicaid.

Though these various types of incentives serve fairly distinct purposes, it is important to keep in mind that they also are interrelated and interactive with each other. For example, to retain Medicaid coverage while working you must keep your earnings below a certain level. Some people with disabilities are able to do this by using work incentives that enable one to deduct certain disability work expenses from your earnings. This, in turn, reduces the amount of income that a state counts to determine whether they are eligible for Medicaid.