MassHealth and Medicare and Returning to Work

You are feeling better and are thinking you might go back to work. The thought of working is exciting because you remember how connected you used to feel when you worked. You also know that you have to report that you are working to the Social Security Administration (SSA) if you are receiving Social Security Disability Insurance (SSDI), Supplemental Security Income (SSI), or both.

Then again, everything is finally working with your health care. You have a doctor that you like, and your health insurance covers all of your HIV medications. What will happen with your MassHealth or Medicare if you go back to work? Will there be pre-existing condition clauses in the plan offered at work? What if health insurance coverage isn’t even offered at your new job, and you find yourself uninsured, needing help to pay for your HIV prescriptions? These are valid concerns, and the good news is that there exists a whole continuum of health insurance coverage for people returning to work.

Let’s take a look at a couple of examples. Jane has been receiving SSI since 2002. She receives $693.39 per month. Because she is on SSI, she automatically receives MassHealth Standard. Jane decides to get a part-time job. Because SSI is a needs-based program, her new income will affect the amount of her SSI check, and if her monthly job earnings go over $1,471, then she will not get a SSI check.1 Jane’s MassHealth Standard coverage will automatically continue as long as she receives $1 of SSI benefits. However, even if her monthly earnings from work do go over $1,471, and she stops receiving SSI payments, Jane will still be able to keep her MassHealth if she:

- Had been eligible for SSI payments for at least one month (remember Jane has been receiving SSI since 2002);
- Still meets the disability definition;
- Still meets other non-disability-related SSI requirements;
- Needs MassHealth in order to work; and
- Does not earn enough to replace both her SSI and MassHealth benefits.

Jane’s MassHealth will continue until her annual earnings top $31,786 (this is the 2005 threshold amount for Massachusetts).

Now let’s look at Bob. Bob has been receiving $998 per month in SSDI benefits since 2000. He has Medicare Parts A and B and also has MassHealth Standard, which pays his Medicare A deductibles and Medicare B premiums, and covers all of his prescriptions. MassHealth Standard serves as a supplement to Medicare for Bob because his monthly income does not exceed $1,061, which is the MassHealth income standard for disabled adults in a one-person family for 2005.
Bob decides to get a part-time job in a restaurant and works 48 hours per month at $18 per hour. Therefore, he earns $864 per month in gross wages, which combined with his SSDI monthly benefit gives him a total monthly income of $1,862. Bob’s Medicare coverage continues throughout his trial work period and extended period of eligibility. However, he is now over the MassHealth Standard income limit of $1,061.

Bob needs to report this change to MassHealth, which will convert his MassHealth Standard coverage to CommonHealth, which is the MassHealth program for disabled people who work or whose incomes are too high for MassHealth Standard. CommonHealth provides the same coverage as Standard. There are two ways to roll over into CommonHealth.

The first way is based on work hours. Any disabled adult who works at least 40 hours per month is eligible for CommonHealth, but must pay a monthly premium. The monthly premium amount is based on income, family size, and whether the adult has other health insurance. Bob is working over 40 hours per month and has a monthly income of $1,862. He is over-income for MassHealth Standard, but eligible for CommonHealth with a monthly premium. His family size is one, and he has Medicare as his primary insurance. Therefore, his premium would be based on this, and he would have CommonHealth as a supplement to Medicare.

To illustrate the other way to get CommonHealth, which is based on income, let’s change Bob’s situation. After three months of working 48 hours per month, Bob decides to work fewer hours. He drops his hours down to a monthly total of 35. His gross monthly earnings drop to $630, for a total monthly income when combined with his SSDI benefits of $1,628, which is still over the 2005 MassHealth Standard income limit of $1,061. A disabled adult who works less than 40 hours a month or who does not work at all is eligible for CommonHealth after meeting a one-time deductible anytime within six months of applying for MassHealth or of their income changing. If the person is also HIV+, then the deductible is waived if the person’s income does not exceed $1,595. Bob’s income is $1,628, so he needs to meet the one-time deductible to get CommonHealth.

This is how to determine Bob’s deductible:

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\begin{align*}
\text{Total monthly income (SSDI plus work earnings)} & = 1,628 \\
\text{MassHealth income standard for family of one} & = 542 \\
\text{Bob’s excess monthly income x 6 months} & = 6,516
\end{align*}
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To qualify for CommonHealth in this scenario, Bob has to present $6,516 in medical bills before the six-month deductible period is up. These may be unpaid medical bills received before or during the six-month deductible period, or medical bills paid during the deductible period. The bills must not be covered by any other health insurance or subject to other liable third-party coverage, including the Uncompensated Care Pool (Free Care). Medical bills reimbursed by state or local programs with no federal
Medicaid funds can be used to meet the deductible, however. Medicare and other health insurance premiums used to cover the six-month deductible period can also be credited toward the deductible amount.

Let’s go one step further with Bob’s situation. He’s been on SSDI for five years, and his case is due for review. Bob’s health is much better now. To terminate his benefits, SSA must find medical improvement. They do in this case, and Bob appeals the decision and ultimately loses. Bob really does feel healthy, however, and increases his hours to full-time. His full-time job, however, does not provide group health insurance.

What can Bob do? He can purchase a nongroup health insurance policy. These policies include prescription coverage and do not have pre-existing condition limitations or waiting periods, unless the insured has had a break in coverage for more than 63 days. To be eligible for nongroup insurance, a person must:

- Be a Massachusetts resident, AND
- Not be enrolled in Medicare or MassHealth.


Bob can enroll in a nongroup plan at any time, and coverage becomes effective within 30 days of submitting his application. If he has waited more than 63 days since his prior coverage terminated, however, then the insurer can impose a six-month pre-existing condition limitation or waiting period. Bob’s annual income is now $51,000, which is over the HDAP/CHII income limit of $50,000. Otherwise, HDAP/CHII could cover his nongroup premiums.

Although you may not be in a situation exactly like Jane or Bob’s, chances are that there are similarities. If you have questions about your health insurance, email Legal Services at legalservices@aac.org.

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1 Based on 2005 figures, if Jane earns $1471 from her job, the first $85 is exempt, which leaves $1,386. Then, the $1,386 is divided in half to get $693, which will be deducted from Jane’s SSI amount of $693.39. Therefore, Jane will not get her SSI check that month.