

Raising the Asset Limits for Seniors and Persons with Disabilities

Health Care Administration

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I. Executive Summary

The Department of Human Services (DHS) completed this report pursuant to Laws of Minnesota 2013, Chapter 108, Article 7, section 57. This legislation requires the Department to consult with stakeholders to develop recommendations to raise the asset limits for seniors and persons with disabilities.

As of January 1, 2014, pregnant women, children, parents and relative caregivers and certain adults without children applying for Medical Assistance (MA) are not subject to an asset test. However, seniors and persons with disabilities continue to be subject to an asset test. Stakeholders brought forth this legislation to address what they see as an inequity that creates a barrier for some seniors and persons with disabilities to MA eligibility. For others who are found eligible and do enroll, the asset test can prove a barrier to staying in the community without adequate savings to pay for living expenses, especially housing.

In addition, stakeholders believe that these recommendations support Minnesota's Olmstead Plan published in November 2013. The Olmstead Plan was created by the Olmstead subcommittee, chaired by Lieutenant Governor Yvonne Prettner Solon and included the following goals:

Employment: People with disabilities will have choices for competitive, meaningful and sustained employment in the most integrated setting.

Housing: People with disabilities will choose where they live, with whom and in what type of housing.

Transportation: People with disabilities will have access to reliable, cost-effective and accessible transportation choices that support the essential elements of life, such as employment, housing, education and social connections.

Supports and Services: People with disabilities of all ages will experience meaningful, inclusive and integrated lives in their communities, supported by an array of services and supports appropriate to their needs and that they choose.

Lifelong Learning and Education: People with disabilities will experience an inclusive education system at all levels as well as lifelong learning opportunities that enable the full development of individual talents, interests, creativity and mental and physical abilities.

Healthcare and Healthy Living: People with disabilities, regardless of their age, type of disability or place of residence, will have access to a coordinated system of health services that meets individual needs, supports good health, prevents secondary conditions and ensures the opportunity for a satisfying and meaningful life.

Community Engagement: People with disabilities will have the opportunity to fully engage in their community and connect with others in ways that are meaningful and aligned with their personal choices and desires.

Raising the Asset Limits for Seniors and Persons with Disabilities

The Department hosted a stakeholder meeting on this topic. This conversation resulted in the ultimate recommendation to eliminate the asset test for seniors and persons with disabilities so that all MA populations have identical asset tests. In recognition of the cost associated with this change, the stakeholders recommended modifying the asset limit or aligning the asset limit with cash programs as intermediate steps until the asset test can ultimately be eliminated.

I. Legislation

Laws of Minnesota 2013, Chapter 108, Article 7, section 57 requires that the Commissioner of the Department of Human Services submit to the Legislature by February 1, 2014, a report with recommendations on raising the asset limits for seniors and persons with disabilities.

Sec. 57. RECOMMENDATIONS ON RAISING THE ASSET LIMITS FOR SENIORS AND PERSONS WITH DISABILITIES.

The commissioner of human services shall consult with interested stakeholders to develop recommendations and a request for a federal 1115 demonstration waiver in order to increase the asset limit for individuals eligible for medical assistance due to disability or age who are not residing in a nursing facility, intermediate care facility for persons with developmental disabilities, or other institution whose costs for room and board are covered by medical assistance or state funds. The recommendations must be provided to the legislative committees and divisions with jurisdiction over health and human services policy and finance by February 1, 2014.

II. Introduction

Enrollment for Medical Assistance (MA), Minnesota's Medicaid program, is predicated on meeting several different eligibility criteria. As of January 1, 2014, in order to comply with the Affordable Care Act, Minnesota no longer requires an asset test in the eligibility determination for MA for pregnant women, children, parents and relative caregivers, and adults without children. However, the MA eligibility determination for seniors and persons with disabilities still includes an asset test.

The November 2013 forecast anticipates the monthly average enrollment and annual payments in fiscal year 2015 to be:

- 58,532 seniors with annual payments of \$970 million.
- 132,531 persons with disabilities with annual payments of \$1.6 billion.

The current MA asset limit for seniors and persons with disabilities is \$3,000 for a household of one and \$6,000 for a household of two. If the family size is greater than two, an additional \$200 is added to the asset limit for each additional family member. Families that do not fall under these asset thresholds are not eligible for MA until they spend down their assets to the applicable limit.

It should be noted, that Minnesota also has the Medical Assistance for Employed Persons with Disabilities (MA-EPD) program, which has a higher asset limit. The MA-EPD program has an asset limit of \$20,000 and excludes some additional assets such as retirement accounts. Enrollees must earn at least \$65 a month and pay a premium on a sliding fee scale.

III. Stakeholder Consultation

This report looks at the impact of the asset tests on seniors and persons with disabilities who reside in the community based on feedback from the stakeholders.

On November 20, 2013, the Department of Human Services hosted a stakeholder meeting regarding this study as directed in the legislation. The meeting was attended by several organizations including:

- The Arc of Minnesota
- Lutheran Social Services
- Arc Greater Twin Cities
- Minnesota State Council on Disability
- Minnesota Consortium for Citizens with Disabilities
- Minnesota Disability Law Center
- AARP

IV. Recommendations

The stakeholders' ultimate goal is to remove the asset limit for seniors and persons with disabilities and ensure all MA populations are not subject to an asset test. Recommendation A below outlines the goal of eliminating the asset test. However, stakeholders did recognize that the largest barrier to this change is the cost. With that limitation in mind, they offered recommendations B and C. However, the stakeholders were clear that recommendations B and C are not alternatives to the ultimate goal of eliminating the asset test, but rather are intermediate steps that could be taken until the asset test can be fully eliminated.

A. Elimination of the Asset Test

The stakeholders involved in the meeting articulated that their goal is to ensure a uniform asset limit for all MA enrollees. This would mean eliminating the asset limit for seniors and persons with disabilities, which would be consistent with the eligibility criteria for pregnant women, children, parents and relative caregivers, and adults without children under the Affordable Care Act.

The stakeholders also articulated the difficulty in living in the community with asset limits at the current levels. The low asset limits create a major barrier to home ownership. If an individual is unable to save money to pay the mortgage or perform home repairs, the asset limit becomes a barrier to staying in the community. The stakeholders felt that these unintended consequences are in contradiction to the Department's commitment to helping individuals stay in the community rather than moving to a facility.

Stakeholders did acknowledge that eliminating the asset limit would be expensive, especially when considering enrollees who reside in facilities. Therefore, stakeholders agreed that the meeting should focus specifically on asset limits for individuals residing in the community.

B. Modification of the Asset Limit

1. One option stakeholders considered was to create a housing allowance or asset disregard for housing-related expenses. Stakeholders assumed this approach would be less expensive and would be more likely to gain federal approval. This option would maintain the current asset limit but would allow people to set aside a certain amount of assets for housing-related expenses that would not be counted toward the asset limit.
2. A second possibility would be to eliminate the asset test only for individuals who are living in the community. The assumption here is that individuals who are residing in the community are likely to require a higher-level of assets to maintain their housing, and the current asset test creates a hurdle to saving for housing-related expenses.

To eliminate the asset test only for those living in the community would require a waiver from the federal government. Federal Medicaid law requires uniformity in rules for the same population, but this proposed approach would result in different application of asset rules to the same population.

C. Aligning the Asset Limit with Cash Program Limits

A third possibility stakeholders discussed was to align the asset limit for seniors and persons with disabilities with the new asset limit being proposed for cash programs. Cash assistance programs, including General Assistance (GA), Minnesota Supplemental Aid (MSA), Minnesota Family Investment Program (MFIP), and Group Residential Housing (GRH), are proposing a uniform asset limit of \$10,000 across all programs. Since some individuals enrolled in MA also access these cash assistance and food support programs, it would make sense to have those asset limits aligned.

V. Conclusion

The stakeholders articulated that the goal is to eliminate the asset limit for seniors and persons with disabilities. However, in recognition of the expense, stakeholders are interested in pursuing intermediate steps such as elimination of the asset limit for individuals residing in the community, modifying the asset limit or raising the asset limit to \$10,000 to align with other programs administered by the Department.