



# Disability Rights Iowa

LEGAL PROTECTION AND ADVOCACY

## Disability Rights Iowa

### SSB 1174

## Testimony on the Impact on Iowans with Disabilities

February 25, 2025

Chairpersons and honorable members of the Committee. My name is Catherine E. Johnson. I am the Executive Director of Disability Rights Iowa (DRI). DRI is an independent, non-profit agency which serves as the designated protection and advocacy system for people with disabilities in the state of Iowa, pursuant to federal mandates. The mission of the agency is to advocate for justice, to advance human and legal rights of Iowans with disabilities and to protect Iowans with disabilities. I appear before you to share DRI's opinion that SSB 1174 with the proposed amendments as described below would have a positive impact on Iowans with disabilities ability to engage in competitive integrated employment.

### Americans with Disabilities Act

Congress enacted the Americans with Disabilities Act over thirty-four years ago. Congress intended to create a world where individuals with disabilities have the opportunity for equal opportunity, independence, and self-sufficiency. Engaging in competitive employment is key to achieving these goals set by Congress. More than three decades after the ADA, only 19.1 percent of the national workforce comprises people with disabilities.

According to the attached July 2024 Edition of Iowans with Disabilities: 2024, only 105,988 of Iowans with disabilities between 18-64 were employed in 2022 – roughly 26.3 percent of the disabled population. 52.3 percent of this population worked only part-time. Iowans with disabilities comprised only 7 percent of the labor force. The unemployment rate for Iowans with disabilities was over twice that of Iowans without disabilities – 7.4 percent compared to the 3.5 percent. The median earnings for disabled Iowans was \$15,227 less than nondisabled Iowans – about 35.7% less.



These numbers highlight a major issue for the disability community in Iowa – employment and the ability to participate in the greater society. SSB 1174 with the proposed amendment would advance the goals set by Congress of independence and self-sufficiency for Iowans with disabilities, improving economic opportunities for Iowans with disabilities as well as the growing the economy in the State of Iowa.

### **Medicaid for Employed People with Disabilities (MEPD)**

Iowans with disabilities want to participate in Competitive Integrated Employment (CIE). Medicaid for Employed People with Disabilities (MEPD) is a Medicaid coverage group that was designed to promote employment for people with disabilities. Medicaid provides access to resources (e.g., personal care attendants, adaptive equipment, community living supports, and waiver services) that are not covered by traditional insurance. However, it has restrictions like income and resource/asset limits which create barriers for individuals and families and disincentivizes employment.

### **SSB 1174 with the Proposed Amendment Increases Healthcare Access Based on Income**

SSB 1174 with the proposed amendment, increases healthcare access for individuals with disabilities who fear losing Medicaid coverage by increasing their hours at work or accepting wage increases. MEPD has an income limit of 250% of the Federal Poverty Level and counts the income of the entire household. If an individual with a disability wants to apply for MEPD, an employed spouse and other employed members of the household count towards the income limit. Individuals with disabilities often are hesitant to or do not accept more working hours, wage increases, and bonuses from their employer due to the fear of losing their Medicaid coverage.

The bill with the proposed amendment would remove the income limit for Iowans with disabilities. Work Without Worry would encourage individuals with disabilities who want to work to accept additional hours and wage/salary increases without the worry of losing the services they need for employment through Medicaid. Additionally, Iowans with disabilities who are not currently eligible due to an employed spouse would not be disqualified from the program.

## **SSB 1174 with the Proposed Amendment Increases Healthcare Access Based on Assets**

SSB 1174 with the proposed amendment increases healthcare access for individuals with disabilities who are ineligible for MEPD due to asset limits. People become disabled at all stages of life. Many individuals with disabilities become disabled after marrying, working for years, and saving for retirement. MEPD requires individuals with disabilities to have resources fewer than \$12,000 for an individual and \$13,000 for a couple. Besides penalizing married couples where one or both individuals are disabled, the asset limit prevents individuals who became disabled later in life from accessing Medicaid coverage.

Social Security Disability Insurance (SSDI) is the program for individuals with disabilities who previously worked and earned enough credits to reach insured status. SSDI beneficiaries must wait 2 years from the time they are approved and start receiving payments to become eligible for Medicare coverage. These individuals are often not eligible for healthcare coverage through MEPD due to the asset limit. As a result, SSDI beneficiaries often pay high COBRA premiums or go without insurance while they wait to receive Medicare.

SSB 1174 with the proposed amendment, would remove the asset limit for individuals with disabilities. Iowans with disabilities, regardless of when they became disabled and how much they saved for retirement and life expenses, would be eligible for Work Without Worry. The bill with the proposed amendment would encourage individuals with disabilities who want to work to pursue employment and be able to save for the future without fear of losing their healthcare coverage.

### **Need for the Proposed Amendment to SSB 1174**

The Work Without Worry bill without the addition of the proposed amendments would negatively impact Iowans with disabilities. The majority of the individuals currently eligible for Medicaid for Employed People with Disabilities (MEPD), would be deemed ineligible due to not meeting the threshold income requirement. The following is an outline of DRI's concerns on the impact and the necessity for the proposed amendments:

#### **Definition of "Employed" for Iowans with Disabilities**

SSB 1174 defines an individual to be employed "if the individual receives earnings that are subject to federal income tax, and unless the individual is self-employed, has payroll taxes deducted from those earnings." An individual needs to earn \$14,600 or more to be required to file a federal tax return.

Many Iowans with disabilities who are eligible for MEPD work small jobs (i.e., \$25 or \$50 per month). MEPD employment requirements are only that an individual needs to have earned income from wage or self-employment. Iowa’s Department of Health and Human Services (HHS) educates Iowans with disabilities that they only need to be working an hour a month to qualify. If SSB 1174 is passed without the proposed amendments, many Iowans with disabilities who currently receive MEPD will be removed from the program and ineligible for the Work Without Worry Program. Iowans with disabilities need the medical services provided through Medicaid to work. Without MEPD and/or Work Without Worry, it is likely they will lose their ability to work in addition to their health care. This would mean fewer Iowans with disabilities working under Work Without Worry than MEPD. DRI recommends the definition of “employed” remain the MEPD definition of working at least one hour per month.

**Change in Premium Calculation**

SSB 1174 states “An individual’s monthly program premium amount shall equal, rounded down to the nearest whole dollar, six percent of an individual’s verified countable income.” This new calculation is a major change from the current calculation for MEPD. HHS only considers Iowan’s with a disability income when determining their premium amount. Additionally, HHS counts gross income as both earnings from employment and any benefit payments (e.g., SSDI, child support, etc.). Under MEPD, individuals with a gross income (both earned and unearned) below 150% of the federal poverty level do not pay a premium. Anyone above 150% of the federal poverty level will have a monthly premium based on a stated chart on the MEPD website. The following are examples of the current MEPD premiums and potential Work Without Worry ones based on different gross income amounts:

<b>Gross Monthly Income</b>	<b>MEPD Premium</b>	<b>Work Without Worry Premium</b>
\$500	\$0	\$30
\$1,000	\$0	\$60
\$1,500	\$0	\$90
\$2,000	\$41	\$120
\$2,500	\$68	\$150

\$3,000	\$93	\$180
\$3,500	\$108	\$210
\$4,000	\$136	\$240

As outlined above, an Iowan with a disability with gross monthly income of \$2,000 would transition from a monthly premium about of \$41 under MEPD to \$120 under Work Without Worry – a 293% increase. Iowans with disabilities who need MEPD to work would have drastically higher premiums, including individuals who did not have a premium under MEPD and would now need to pay under Work Without Worry.

The proposed amendment would balance the need for premiums with keeping MEPD affordable by setting the premium amounts at \$0 for Iowans with gross income under 150 percent of the federal poverty level, 3 percent for gross income between 150 and 250 percent, and 6 percent for gross income above 250 percent. Iowans with disabilities who currently do not pay monthly premiums would not see a change; individuals receiving Medicaid through Work Without Worry would pay a higher premium the more they earn.

The following are examples of the current MEPD premiums and potential Work Without Worry ones **with the proposed amendment** based on different gross income amounts:

<u>Gross Monthly Income</u>	<u>MEPD Premium</u>	<u>Work Without Worry</u>
\$500	\$0	\$0
\$1,000	\$0	\$0
\$1,500	\$0	\$0
\$2,000	\$41	\$60
\$2,500	\$68	\$75
\$3,000	\$93	\$90
\$3,500	\$108	\$210
\$4,000	\$136	\$240

People with higher gross incomes would pay more under Work Without Worry compared to MEPD, especially Iowans with disabilities who previously did not qualify for MEPD due to income and resource/asset eligibility rules. However, Iowans with disabilities who earn less than 250 percent of the federal poverty level would not see as dramatic increase in their premiums while still encouraging employment and enabling them to maintain the health insurance they need to work.

### **Transfer of Supplemental Security Income Recipients to Work Without Worry**

SSB 1174 states “An individual receiving supplemental security income shall be automatically eligible for the program and is not required to submit an application.” While Work Without Worry as a state-level Medicaid program would enable individuals to have a higher resource/asset limit, this does not change requirements at the federal level.

SSI recipients with Work Without Worry Medicaid would not be able to have more than \$2,000 as an individual or \$3,000 as a couple if they want to maintain their SSI eligibility, including their monthly SSI payments. SSI recipients do not pay a premium right now; under Work Without Worry, they now would have to pay a premium. SSI recipients are not required to work to be eligible for the program, so would they now be paying a premium based on their monthly benefit payments of at most \$967 for an individual or \$1,450 for a couple. The transfer of SSI recipients from their current eligibility for Medicaid to Work Without Worry would negatively impact all beneficiaries and contradict HHS’ current policy of maintaining SSI Medicaid over all other eligibility groups. The proposed amendment removes this language from the bill thereby removing the unintended consequences for SSI recipients.

### **Disability Rights Iowa’s 2024 State of and Barriers to Employment in Iowa for People with Disabilities Survey & Report**

In 2024, DRI designed and executed a qualitative survey to better understand the state of employment for Iowans with disabilities. DRI’s survey was offered to all interested participants anonymously from June through November 2024. It was organized with the intent of gathering perspectives and experiences from Iowans with disabilities on the state of and barriers to their employment goals.

147 Iowans with disabilities participated in the survey. Aggregate survey results provide relevant information for members of the Sub-Committee to consider as applied to SSSB 1174. The results highlight significant barriers with Medicaid income and asset limits that prevent disabled Iowans from accepting initial employment offers and/or increased wages that could lead to greater self-sufficiency. DRI's full report can be found on our webpage at: <https://driowa.org/digital-resources/frequently-asked-questions/employment-report/>

**Key Medicaid related survey results include:**

1. Approximately half of the survey participants reported they received their health insurance through Medicaid.
2. Survey participants overwhelmingly reported that the Medicaid income and asset limitations impact their ability to work more hours, accept promotions, and accept a salary increase.
3. Survey participants reported they declined a promotion, a job, a salary increase, and/or an increase in hours due to Medicaid income limitations.
4. 69.3 % of survey participants reported a desire to increase their hours or wages/salary, accept a promotion, etc., if the Medicaid income and asset limits were removed.
5. Survey participants reported on the importance of work for them and their families, along with the importance of contributing to Iowa's economy.

**Key Recommendation to address Employment Barriers caused by Medicaid:**

The impact of the employment barriers caused by the Medicaid income and asset limitations were clear in the aggregate results and the additional comments submitted by participants. Based on the survey results and DRI's employment and benefits expertise, DRI's recommendations were to removal all Medicaid/MEPD income and asset limitations. Removing these limits will grant all Iowans with disabilities the opportunity to achieve their highest employment goals, to fully support their families' financial goals, and to thoroughly contribute to Iowa's economy and thrive.

DRI respectfully requests that SSB 1174 be amended to include the following proposed amendments.

1. DRI recommends the definition of “employed” remain the MEPD definition of working at least one hour per month.
2. Premiums: Keep the MEPD/WOW affordable by setting the premium amounts at \$0 for Iowans with gross income under 150 percent of the federal poverty level, 3 percent for gross income between 150 and 250 percent, and 6 percent for gross income above 250 percent.
3. Remove completely from the bill “An individual receiving supplemental security income shall be automatically eligible for the program and is not required to submit an application

With these amendments DRI strongly supports this legislation. DRI urges this subcommittee to move this legislation forward. SSB 1174 will remove barriers related to Medicaid coverage and encourage employment for individuals with disabilities seeking employment. Work Without Worry will increase employment opportunities for Iowans with Disabilities, increase Iowa’s Labor Pool and move forward Congress’ ADA Goals of Independence and Self-Sufficiency.

DRI welcomes the opportunity to discuss this in more depth with any member of the Iowa Legislature. Thank you in advance for your thoughtful deliberation of our testimony in support of SSB 1174.