



CALIFORNIA HEALTH ADVOCATES

## Medicare and People with Disabilities: An Overview

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This is a fact sheet on Medicare for people with disabilities. It provides basic information on the program, including tips and other useful information to help people with disabilities understand and navigate Medicare with other disability benefit programs, learn about other services available to them, and money saving programs related to their Medicare costs.

### The Basics

Medicare is our only national health insurance program, serving some 44 million Americans. The program provides health benefits to almost 7 million people younger than 65 who have a disability or chronic condition. These people are entitled to Medicare primarily through their qualification for Social Security Disability Insurance (SSDI) benefits, or because they have End Stage Renal Disease (ESRD), or Amyotrophic Lateral Sclerosis (ALS), known as Lou Gehrig's disease.

### Medicare Eligibility Requirements

If you receive SSDI, you're eligible for Medicare. Wage replacement SSDI benefits are based on work credits earned through Social Security, Railroad Retirement, or Medicare covered government employment. Many people with disabilities, including children, do not have Medicare benefits because they do not have the work credits needed to qualify for SSDI benefits.

To be eligible for coverage, a family member or the beneficiary younger than 65 must have a work history which included FICA tax contributions that pay for SSDI. In some instances, an individual may qualify for SSDI on the FICA contributions of a parent as a Childhood Disability Beneficiary (CDB) or as a disabled spouse of a deceased spouse. To be eligible for Medicare, a beneficiary must be a U.S. citizen or legal permanent resident.

Those who do not have work credits or a work history, as well as disabled children and adults

who are ineligible for SSDI, can be eligible for Supplemental Security Income (SSI) benefits. People with SSI are automatically eligible for Medi-Cal-covered medical services in California. See our fact sheet on Medi-Cal for more information at [cahealthadvocates.org](http://cahealthadvocates.org).

Some SSDI beneficiaries who had a short or small work history can be eligible for a small SSDI cash benefit and an SSI cash benefit to supplement it.

While the medical test to qualify for SSDI and/or SSI benefits is exactly the same, the difference in benefit eligibility has to do with the extent of one's work history, as well as available assets and resources.

### Medicare's Connection to SSDI Benefits

There is a strict test to qualify for SSDI. People from 18 to 62 years of age must show medical evidence that they are unable to work for at least 1 year at any job in the national economy because of a qualifying physical and/or mental impairment, or combination of impairments, or be expected to die as a result of the impairment(s). You can apply for SSDI at your local Social Security Administration (SSA) office, or online at [socialsecurity.gov](http://socialsecurity.gov).

### When Does Medicare Begin?

You must qualify for, and receive, SSDI benefits to be eligible for Medicare. Once approved for SSDI, you must wait 5 months before the SSDI cash benefit begins, then an additional 24 months before receiving Medicare benefits. If you receive benefits because you have Amyotrophic Lateral Sclerosis (ALS), known as Lou Gehrig's disease, you can get Medicare the first month you receive SSDI payments.

If you have ESRD, you can get Medicare within 3 months of your first dialysis treatment. You will

still have to file for your disability cash benefits to get monthly SSDI payments.

**Note:** Once you qualify for SSDI payments and have waited the 29 months mentioned above, you will then also be eligible for Medicare under a second category of eligibility, disability. If you have, or later develop, other serious health conditions, your Medicare benefits based on your disability can continue even if you lose your ESRD Medicare eligibility because you have a successful transplant and/or no longer need dialysis. See our fact sheet on ESRD for more information at [cahealthadvocates.org](http://cahealthadvocates.org).

## When Does Medicare End?

Medicare can end before you reach retirement if your medical condition improves. Social Security periodically reviews all SSDI awards. If Social Security decides that your medical condition has improved, or if you have a successful kidney transplant, and you do not have or develop other health conditions, then you can lose your SSDI benefits and the Medicare health coverage.

**Note: For the first time, because of federal legislation known as the Ticket Act, a disabled Medicare eligible person can return to work and keep his or her Medicare benefits (Part A free) for at least 8.5 years** after the start of employment, in some cases, longer. This Medicare eligibility falls into 3 distinct timeframes: a 9-month Trial Work Period (TWP); an Extended Period of Eligibility (EPE), which can continue for as long as 93 months after the trial work period has ended; and an indefinite access to Medicare by purchasing Part A until a person reaches age 65. Once a beneficiary is 65, Social Security transfers eligibility to their retirement benefits. See Social Security's website at [ssa.gov/work/receivingbenefits.html](http://ssa.gov/work/receivingbenefits.html), or [db101.org](http://db101.org) – Social Security Disability Programs for more information. (Note: people with low-incomes can get help purchasing Part A through the Qualified Disabled and Working Individual (QWDI) Medicare Savings Program. See our fact sheet on the Medicare Savings Programs at [cahealthadvocates.org](http://cahealthadvocates.org).)

## The Details

### Medicare with Other Insurance or Health Coverage

Since its start in the 1960s, Medicare has not provided fully comprehensive health coverage. People with Medicare often combine it with a variety of public or private health coverage options. This can be very helpful in accessing more services or saving money. How Medicare interacts with other private or public health coverage options, however, can have many rules you will need to understand.

People with Medicare younger than 65 may have additional health benefits through the active employment of a spouse or a parent. These health benefits pay for services first (as the primary insurer) when the employer has 100 or more employees; Medicare is the secondary payer and pays only after the employer health plan has paid.

People with End Stage Renal Disease (ESRD) may continue to work and have coverage through their employment. When a person has Medicare because of ESRD, the employer plan must pay primary benefits during a 30 month coordination period, regardless of the size of the group or employment status of the individual.

In other circumstances, a person with Medicare may also have his or her own individual health benefits, or have benefits through an employer group with fewer than 100 employees. In these cases Medicare is likely to be primary and other benefits secondary. In cases where a person with Medicare is making a transition from employer coverage to other benefits such as COBRA, it may be necessary to add Part B and Part D benefits to replace benefits that were formerly covered by an employer plan. Please see our series "Medicare and Other Health Insurance Coverage" at [cahealthadvocates.org](http://cahealthadvocates.org).

Deciding whether other health benefits pay first or whether Medicare pays first is confusing to the covered person, the employer, and the medical provider. In addition, younger people with Medicare don't have the same rights as people 65 or older to a Medicare supplemental insurance policy to cover their co-payments, deductibles, and some services not covered by Medicare. For these issues, review our fact sheets "Supplementing Medicare: When You or Your Spouse Works" and "Your Rights to Purchase a Medigap Plan" at [cahealthadvocates.org](http://cahealthadvocates.org).

## Dual Eligibility: Medicare and Medi-Cal Services

Medicare beneficiaries who also receive Medi-Cal services are known as “dual eligibles.” While there are income and asset requirements that must be met, many people with disabilities may be in this “dual eligibility” category without knowing it. If you are medically eligible for Medicare because you receive SSDI, you are already medically eligible for Medi-Cal. The actual Medi-Cal eligibility depends on your living situation, and available income or assets. Medi-Cal has many points of entry and many services not available in Medicare, including financial help with the costs of getting Medicare services.

We outline some of the Medi-Cal points of entry commonly used by Medicare beneficiaries in California. For these people, Medi-Cal can help supplement Medicare services. They may be able to use Medi-Cal to pay for Medicare premiums, deductibles, and co-insurance. In some cases, Medi-Cal may be used to pay for private health coverage premiums. Medicare Part D has special rules and has a low-income subsidy program to help cover the costs for dual eligibles.

Medicare beneficiaries who receive Supplemental Security Income (SSI) payments automatically receive Medi-Cal as part of their SSI eligibility. Beyond this large number of people, there are more than 90 Medi-Cal aid codes (ways for people with disabilities to qualify for full- or partial-scope Medi-Cal). Medicare beneficiaries younger than 65 might consider the several Medi-Cal categories below.

## Medi-Cal’s 250% Working Disabled Program

If you are working or planning to work, disabled, and using Medicare, you may be eligible for the little known 250% Medi-Cal Working Disabled Program. An individual can earn \$52,092 a year in gross earned income and be eligible for this Medi-Cal Program. To qualify, you must earn some income in the month of application. Medi-Cal regulations do not define what “working” means for this program. You can qualify if you are working part time. You must have assets worth less than \$2,000 for an individual (\$3,000 for a

couple). Any IRS approved retirement fund, like a 401(k) or an IRA, are exempt and not counted in this Medi-Cal program.

An individual who is working, can earn up to \$2,167 (\$2,917 for couples) in countable monthly income and still qualify for the program. These rules are explained at [db101.org](http://db101.org) – See Medi-Cal.

Disability income does not count for the 250% CWD program. This means that SSDI, Worker’s Compensation, California State Disability Insurance, and any federal, state, or private disability benefits are not considered income for this program. If the person has countable unearned income, it must be below the appropriate SSI/SSP benefit rate (\$870/month for a single individual in 2008).

The 250% Medi-Cal Working Disabled Program charges an affordable monthly premium for enrollees: \$20-\$275 for individuals and \$30-\$375 for couples. The program allows qualifying individuals to work and pay for most, if not all, of their medical care via their access to both Medicare and Medi-Cal—including premiums, deductibles, and coinsurance.

## Aged & Disabled Federal Poverty Level Medi-Cal

If you are aged or disabled, and are not eligible for the SSI program, you may be able to get Medi-Cal through the Aged & Disabled Federal Poverty Level program. You must:

1. Be either aged (65+), or disabled (meet Social Security’s definition of disability, even if your disability is blindness).
2. Have less than \$2,000 in assets (\$3,000 for a couple). Like SSI, this program does not count all of your assets.
3. Through March 31 of 2009, have less than \$1,097 in countable monthly income for an individual (\$1,558 for a couple). This Medi-Cal program uses SSI countable income rules with a few extra rules you need to know (See [db101.org](http://db101.org) - Medi-Cal).

If you qualify, this program could be a pathway to dual eligibility and its many benefits.

## Aged, Blind, and Disabled Medically Needy Medi-Cal

If you do not qualify for free Medi-Cal or the 250% Medi-Cal Working Disabled Program, you may be able to get Medi-Cal through the Aged, Blind, & Disabled Medically Needy (ABD – MN) program, but you may have to pay a share of cost or incur the debt for these costs. A share of cost is a certain amount of Medi-Cal costs you must incur with a medical provider(s) in a month before Medi-Cal begins to pay for services that month. This is not a premium. If you do not use any Medi-Cal services in a month, you don't have to pay anything that month. These rules are explained at [db101.org](http://db101.org) – See Medi-Cal.

## Your Assets and Resources and Medi-Cal

To qualify for any of these 3 Medi-Cal programs, you must meet certain property/resource limits or requirements. These requirements depend on your family size: \$2,000 for an individual, \$3,000 for a couple, \$3,150 for 3 people (add \$150 for each additional person). You can own the home you live in and the car you drive. Those 2 assets are exempt.

## Medi-Cal's Health Insurance Premium Payment (Medi-Cal/HIPP) Program

There are certain situations when Medi-Cal will pay for your private health insurance premiums. This program—the Medi-Cal/HIPP program—is for people who are on Medi-Cal, have private health insurance, have a high cost medical condition, and have lost (or are about to lose) private coverage. If you are at risk of losing your private insurance, Medi-Cal can either pay for your medical expenses or pay the premium for you to keep the private coverage. Medi-Cal will do whichever costs less for them. Medi-Cal should evaluate your eligibility for Medi-Cal/HIPP when you indicate that you have insurance available but haven't applied for it, that you are about to end your health insurance, or that your policy has lapsed.

If you are eligible for Medi-Cal/HIPP, you will still be on Medi-Cal. The only change will be for those

who did not previously have private coverage. If that's the case, Medi-Cal will become the payer of last resort. If you are accepted into the Medi-Cal/HIPP program, you must participate or else you can lose your Medi-Cal eligibility. If a new job opportunity or other occasion presents itself with new health coverage options that require you to pay premiums, Medi-Cal/HIPP may be a good option for you.

Medicare beneficiaries who are in fee-for-service Medicare can apply for the Medi-Cal/HIPP program to cover other health insurance premiums. The Medi-Cal/HIPP program does not help pay for the costs of any Medicare services, however, and is not available to those enrolled in a Medicare Advantage plan.

## PASS – SSI Program's Plan to Achieve Self-Support

A Plan to Achieve Self-Support (PASS) is an SSI Program. PASS can help those who might otherwise be ineligible for SSI to set aside income or resources in a PASS so that they can qualify for SSI. They develop a work goal and a plan to achieve it. It is a way for SSI recipients to set aside and save income and/or resources in a separate bank account to achieve a planned work goal that Social Security approves of. A PASS plan, for example going to college, once approved by Social Security, could take several years to complete. When the PASS is approved, the Medicare beneficiary will also receive Medi-Cal for the entire time that the PASS plan is in effect (see PASS - [db101.org](http://db101.org)).

## Medicare Savings Programs

California administers 4 programs that can pay for Medicare premiums, co-insurance, or deductibles for certain low-income Medicare beneficiaries. You may be eligible depending on your income or assets. These programs are known as Medicare Savings Programs. Each program has specific income limits and pays for different Medicare costs. For more information, see our fact sheet "Medicare Savings Programs" at [cahealthadvocates.org](http://cahealthadvocates.org).

"The California Work Incentives Initiative (CWII) at the World Institute on Disability (WID) contributed

editing and research for this fact sheet for California Health Advocates (CHA); CWII provides health coverage, work and benefits information to people with disabilities in California via community outreach, training and the web at [db101.org](http://db101.org).”