



CALIFORNIA HEALTH ADVOCATES

Medicare and People with Disabilities: An Overview

This fact sheet provides basic information on Medicare for people with disabilities. It also helps people with disabilities understand and navigate how to use their Medicare benefits with other insurance coverage and disability benefit programs, and highlights money saving programs related to their Medicare costs.

Qualifying for Medicare

Medicare is our only national health insurance program, serving close to 60 million Americans. The program provides health benefits to over 8.8 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.

Work Credits & Qualifying for SSDI

If you receive SSDI, you're eligible for Medicare. The amount of your 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 SSDI 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, or access to the benefits of work credits through a family member, and are therefore ineligible for SSDI, maybe 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.

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.

Disability Test & Qualifying for SSDI

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 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](https://www.socialsecurity.gov).

When Medicare Benefits 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 SSDI benefits because you have Amyotrophic Lateral Sclerosis (ALS), known as Lou Gehrig's disease, your Medicare benefits

can begin the first month you receive SSDI payments.

If you have ESRD, you can get Medicare within 3 months of your first dialysis treatment. If you qualify for Medicare solely on the basis of having ESRD, you must apply for Medicare at your local Social Security office.

Note: If you have Medicare due to ESRD, you may also qualify for Medicare under another category of eligibility: disability. You will have to file separately and pass the disability test mentioned above to get monthly SSDI payments. Once eligible, your Medicare benefits based on your disability may continue (if you have developed another chronic or disabling health condition) even if you lose your ESRD Medicare eligibility because of a successful transplant and/or no longer needing dialysis. See our fact sheet on ESRD for more information.

When Medicare Benefits End

Medicare can end before you reach age 65 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 your Medicare coverage.

Note: 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 or, 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, or

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. They may also be eligible for Medi-Cal through the 250% California Working Disabled program (described below). See our fact sheet on the Medicare Savings Programs, or visit the [Low-Income Help](https://cahealthadvocates.org) section of our website at cahealthadvocates.org.

Medicare and Other Health Insurance Coverage

Medicare does not provide comprehensive health coverage. Therefore, most people with Medicare supplement their coverage with a variety of public or private health coverage options. This additional coverage can help you access more services and/or save money. How Medicare works with other private or public health coverage options, however, can be complicated and involves understanding many rules.

Coverage Benefits Through Employment or Individual Insurance

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,” or visit our [Other Health Insurance](#) topic section on our website.

Medicare and Supplement Insurance Policies (Medigap)

Younger people with Medicare don't have the same rights as people 65 or older to a Medicare supplement insurance policy to cover their copayments, deductibles, and some services not covered by Medicare. Therefore, you can apply for coverage, but companies are only required to sell you a policy under certain circumstances. For more information on Medigap policies and when you have rights to purchase them without a health screening, review our “Supplementing Medicare”

fact sheets, particularly “Supplementing Medicare: When You or Your Spouse Works” and “Your Rights to Purchase a Medigap Plan.”

Medicare Savings Programs

California administers 4 programs that can pay for Medicare premiums, coinsurance, and/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.” You can also visit the [Low-Income Help](#) section of our website.

Medicare and Medi-Cal Services

Medicare beneficiaries who also receive Medi-Cal (California's state Medicaid program) are known as “dual eligibles.” While there are income and asset requirements that must be met, many people with disabilities may have both Medicare and Medi-Cal without knowing it.

There are two primary ways of being eligible for Medi-Cal: 1) medically, for example, if you qualify because of a disability and you receive SSDI; or 2) financially if your income and assets are below the allowable limits and/or if you qualify for Supplemental Security Income (SSI). Your actual Medi-Cal eligibility also depends on the number of people in your household and, as mentioned, your income and assets.

Outlined below are some of the ways you can qualify for and receive Medi-Cal benefits. These benefits can help supplement Medicare services, as Medi-Cal covers some services Medicare does not. Medi-Cal also helps pay for Medicare premiums, deductibles, and coinsurance.

Dual eligible beneficiaries receive most of their medications through Medicare Part D prescription drug coverage. Medi-Cal does, however, cover some drugs that Medicare doesn't. Also, Medicare Part D has a low-income subsidy (LIS) program that helps cover the Part D premium and copayment costs for dual eligibles.

Many Medicare beneficiaries who qualify for Medi-Cal do so through their eligibility for Supplemental Security Income (SSI). Those who receive SSI payments, automatically receive Medi-Cal as part of their SSI eligibility. While there are numerous ways to qualify for Medi-Cal, below are some of the other common ways people younger than 65 with a disability qualify.

250% California Working Disabled Program

The 250% California Working Disabled (CWD) program helps Californians who are working, disabled, and whose income is too high to qualify for free Medi-Cal. Californians who qualify may be able to get Medi-Cal by paying a small monthly premium based on their income. Premiums range from a minimum of \$20 to a maximum of \$250 per month for an individual or from \$30 to \$375 for a couple.

To qualify, you must:

- Meet the medical requirements of Social Security's definition of disability, but you don't have to meet Social Security's income and work requirements.
- Be working and earning income. This can be part-time work.
- Have countable income less than 250% of the federal poverty level (\$2,603/month for individuals and \$3,523/month for couples in 2019).

Any disability income does **not** count for the 250% CWD program. This means that Social Security Disability Insurance (SSDI), Worker's Compensation, California State Disability Insurance, and any federal, state, or private disability benefits are not considered as countable income for this program.

Note: Anyone can apply for the 250% CWD program, regardless of whether they are eligible for Medicare. If you have Medicare, the 250% CWD program pays your Medicare Part B premium.

Aged & Disabled Federal Poverty Level Medi-Cal

If you are aged or disabled, and are not eligible for the SSI program or the CWD program, you may be able to get Medi-Cal through the Aged & Disabled Federal Poverty Level program. To qualify, 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. Have less than \$1,271 in countable monthly income for an individual (\$1,720 for a couple) in 2019.

This Medi-Cal program uses SSI countable income rules with a few extra rules you need to know. See db101.org - Medi-Cal for more information.

Medi-Cal with a Share of Cost

If your monthly income is higher than the income limits to qualify for SSI or the A&D-FPL Program but you meet the asset requirement, you may still be eligible for Medi-Cal with a share of cost (SOC). The SOC functions like a deductible. If you incur medical expenses that meet or exceed your SOC, Medi-Cal pays the remainder of your medical expenses for that month.

Note: A SOC is not a monthly premium. It is the amount of medical expenses you have to incur to become eligible for full Medi-Cal coverage for that month.

Your SOC is based on your monthly countable income. The higher your countable income, the higher your SOC. To calculate your SOC, subtract from your countable income \$600 (for an individual) or \$934 (for a couple) and any health insurance premiums you may be paying, including premiums for dental insurance. The remainder is your SOC.

Note: As of November 1, 2008, Medi-Cal no longer covers the monthly Medicare Part B premium (\$135.50 in 2019) for people with a SOC over \$500. For these beneficiaries, their Part B premiums will be automatically deducted from their Social Security checks. One exception is for SOC beneficiaries who are also in a Medicare Savings Program (MSP) that pays Medicare's Part B premium (QMB, SLMB, or QI). These beneficiaries are not affected and continue to have their Part B premium covered. See our MSPs fact sheet for more information.

If you have a SOC over \$500 and meet your SOC in any given month, you will be paid retroactively for your Part B premium. Medi-Cal will send the payment to the Social Security Administration (SSA) and SSA will refund you the premium amount. Any Part B premium refunds received from SSA will be counted as a resource, not income, in the month you receive it.

Also, if you meet your SOC for any one month between January 1 to June 30, you

automatically qualify for the Part D low-income subsidy (LIS) program for the rest of the calendar year. If you meet your SOC for any one month between July 1 to December 31, you qualify for the LIS for the rest of the calendar year and the following year. For more information on this Extra Help, see our fact sheet “Low-Income Assistance: Extra Help for Part D Costs.”

Your Assets/Resources and Medi-Cal

To qualify for any of the above 3 Medi-Cal programs, you must meet certain asset/resource limits or requirements. These requirements depend on your family size: \$2,000 for an individual, \$3,000 for a couple, \$3,150 for three people (add \$150 for each additional person). The home you own and live in and the car you own and drive are not counted as assets.

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 and are NOT enrolled in Medicare, 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 and Medi-Cal will become the payer of last resort. If you are accepted into the Medi-Cal/HIPP program, you must participate and use your private insurance 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 you may not be able to afford, Medi-Cal/HIPP may be a good option for you.

Plan to Achieve Self-Support (PASS) Program

The Plan to Achieve Self-Support (PASS) is an SSI Program. PASS can help those who might otherwise be ineligible for SSI qualify for it by setting aside income or resources in a separate bank account for an approved work or education goal. Beneficiaries participating in PASS develop a work goal and a plan to achieve it that is then approved by Social Security. Some PASS plans can take several years to complete, for example if someone creates a PASS plan to go to college. In such a case, a Medicare beneficiary would receive Medi-Cal benefits for the entire time that the PASS plan is in effect. See PASS at db101.org for more information.

California’s Achieving a Better Life Experience (CalABLE) Program

The CalABLE program allows qualified people with a disability to establish a tax-advantaged savings account and save up to \$15,000 a year with a max of \$100,000 without losing critical public benefits, such as SSI or SSDI. Contributions can be made by family members, friends and/or the individual themselves. Also, earnings in these accounts are not subject to federal or California state income tax, as long as they are spent on qualified disability expenses.

To qualify, a person must have had the onset of disability start before 26 years of age, and either:

- Be eligible for benefits due to a disability, such as SSI or SSDI; or
- Have a disability certification, including a physician signed copy of the diagnosis.

See calable.ca.gov for more information.

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The California Work Incentives Initiative (CWII) at the World Institute on Disability (WID) contributed editing and research for the original version of this fact sheet. CWII provides health coverage, work and benefits information to people with disabilities in California via community outreach, training and the web at db101.org.

This fact sheet contains general information. If you would like to discuss your specific situation, call the Health Insurance Counseling and Advocacy Program (HICAP). HICAP provides free and objective information and counseling on Medicare and can help you understand your specific rights and health care options. You can call **1-800-434-0222** to make an appointment at the HICAP office nearest you.