

<b>Name of report</b>	Patterns of Quarterly Wages of Utah MWI Participants
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<b>Program</b>	Medicaid Work Incentive Program (Buy-in)
<b>Date report completed</b>	February 2005
<b>Methodology</b>	Analysis of UI administrative wage data
<b>Sample size</b>	459 MWI participants enrolled for at least one month between 7/01 and 6/03

One of the central questions in the debate surrounding the effectiveness and value of the national Medicaid Buy-In (MBI) program, and indeed the array of programs designed to support the work effort of people with disabilities, is the degree to which participation in the program leads to greater earned income and, hence, greater self-sufficiency for participants. This question can be addressed with self-reported employment of program participants, but more confidence is often given to administrative wage data. This report presents quarterly wage data for participants in the Utah Medicaid Work Incentive (MWI) program, the name given to the Utah version of the national MBI program. The sample being described here are 459 people who were enrolled in the Utah MWI program at some point between July 2001 and June 2003. The wage data are from the Social Security Administration Unemployment Insurance file, maintained in Utah by the Department of Workforce Services. A crucial assumption in the analyses performed is that people with no wage information for a particular calendar quarter earned zero dollars that quarter. This certainly undercounts some earned income (e.g., that of federal government and church employees), but the patterns over time are generally viewed as meaningful.

### **Aggregate Changes in Quarterly Wages after MWI Enrollment**

Looking at the average quarterly wages for all 459 MWI participants, we see a gradual increase in wages in the year before MWI enrollment (from \$1,038 four quarters before enrollment to \$1,141 in the quarter before enrollment) and a sharp decrease following enrollment (to \$675 in the first quarter after enrollment to \$623 in the fourth quarter after enrollment). This aggregate analysis provides no support for the view that the MWI program is helping participants become self-sufficient and instead provides evidence for those arguing that such programs decrease work effort.

### **Disaggregation by Pre-Post Enrollment Changes in Wages**

An alternative, and perhaps more illuminating, approach for identifying the wage impacts of the MWI program is to disaggregate participants according to how their wages changed around the time of MWI enrollment. Specifically, Figure 1 displays the wage patterns of five groups based on the changes in wages from before to after program participation (subtracting the average of the 2<sup>nd</sup>, 3<sup>rd</sup>, and 4<sup>th</sup> quarters before enrollment from the wages of the 1<sup>st</sup> quarter after enrollment). The five groups are those whose wages (1) decreased by \$1000 or more per quarter after enrollment, (2) decreased between \$300 and \$999, (3) remained within \$300, (4) increased between \$300 and \$999, and (5) increased by \$1000 or more per quarter. Notable in this graph (dashed lines are used for the first quarter after enrollment to emphasize that only early enrollees have data for the second through fourth quarters after enrollment) is that 11.6% (53 of 459) of

participants show a range of modest improvements in wages (gains of between \$300 and \$999 in quarterly wages), while others (44 of 459, or 9.6%) show more substantial increases of \$1000 or more per quarter. It may be significant that the average wages after enrollment for the group with this substantial increase are around \$2,400 per quarter, approximately at the level expected for those wishing to keep their earnings below the Substantial Gainful Activity (SGA) limit of \$810 per month. Also notable is the sharp drop in earnings for the group with average quarterly wages around \$4,000 prior to MWI enrollment but wages under \$600 after enrollment. While some of this decrease for this group may be due to the choice to forego wage earnings in favor of public assistance, an equally compelling explanation is that many of the 78 people in this group had increased disability-related problems that interfered with employment.

## Conclusions

In sum, the Utah findings highlight the variability of persons with disabilities who enroll in work support programs like the MWI program. While many enroll in these programs to obtain better benefits and services without experiencing any increase in work effort, there is a subset of around 10% of enrollees whose wages do increase by at least \$1,000 per quarter after enrollment. This argues for additional research to clarify the extent to which the MWI program may indeed be helping this subset of MWI program participants, an impact that could be masked when reporting aggregate results. This research is now in progress; it involves interviewing individuals in the different change categories (e.g., those whose wages decreased and those whose wages increased from the quarters before to after program enrollment), as well as following wage patterns for additional quarters after MWI enrollment, to learn about these varying impacts.

Figure 1: Disaggregation of Wage Outcomes by Pre-Post MWI Enrollment Wage Change (n=459 who participated in Utah MWI between 7/01 and 6/03)

