

CCD Financial Security Task Force Report

January 2013

ISSUES/ACTIVITIES IN 2012

The Financial Security Task Force concentrated its work on the Achieving a Better Life Experience (ABLE) Act.

The ABLE Act (S.1872/H.R. 3423 in the 112th Congress) would give individuals with disabilities, and their families, access to accounts that would allow individual choice and control while protecting eligibility for Medicaid, SSI, and other important federal benefits for people with disabilities.

A Form of 529 Account: The ABLE Act creates a new subsection (f) ABLE Account within Section 529 of the Internal Revenue Code. ABLE accounts follow all the requirements and regulations of a traditional 529 qualified tuition program. They are intended to be easy to open and available in any state. Like other 529 accounts, residents of one state may establish accounts in another state. The same rules that govern other 529 accounts will govern ABLE Accounts, including limits on the size of the account; rules for tax treatment of annual contributions, earnings, and withdrawals; and reporting requirements. Rollovers are allowed from an ABLE account to a traditional 529 if the beneficiary is no longer deemed disabled. Also, rollovers are allowed to another family member's ABLE account or their traditional 529. Rollovers are also allowed to a trust allowed under Medicaid rules.

Qualified Disability Expenses Include:

- **Education** - Tuition for preschool thru post-secondary education, books, supplies, and educational materials related to such education, tutors, and special education services.
- **Housing** - Expenses for a primary residence, including rent, purchase of a primary residence or an interest in a primary residence, mortgage payments, home improvements and modifications, maintenance and repairs, real property taxes, and utility charges.
- **Transportation** - Expenses for transportation, including the use of mass transit, the purchase or modification of vehicles, and moving expenses.
- **Employment Support** - Expenses related to obtaining and maintaining employment, including job-related training, assistive technology, and personal assistance supports.
- **Health and Wellness** - Expenses for health and wellness, including premiums for health insurance, mental health, medical, vision, and dental expenses, habilitation and rehabilitation services, durable medical equipment, therapy, respite care, long term services and support, nutritional management, communication services and devices, adaptive equipment, assistive technology, and personal assistance.
- **Miscellaneous Expenses** - Financial management and administrative services, legal fees, expenses for oversight, monitoring, or funeral and burial expenses.

Eligibility: Any individual who is receiving SSI or disability benefits under Title II of the Social Security Act would be eligible to use an ABLE Account, as well as individuals who

would otherwise meet the Social Security definition but who are not currently eligible for benefits.

Federal Treatment of ABLE Account under Supplemental Security Income Program & Medicaid:

Supplemental Security Income (SSI): If the assets in an ABLE account reach \$100,000 and the beneficiary is receiving Supplemental Security Income (SSI) benefits, any monthly SSI benefits will be placed in suspension. If the assets in the ABLE account drop back below \$100,000, the SSI benefit suspension ceases and monthly SSI benefits resume. The beneficiary will not have to reapply for SSI benefits once the account drops back below the \$100,000 threshold.

Medicaid Eligibility: A beneficiary will not lose eligibility for Medicaid based on the assets held in their ABLE account, even during the time that SSI benefits are suspended (as described above for an account with over \$100,000).

Medicaid Payback Provision: When the qualified beneficiary dies (or if he/she is no longer disabled) with remaining assets in an ABLE account:

- The assets in the ABLE Account are used to “payback” any state Medicaid plan up to the value of Medicaid services provided to the beneficiary.
- The amount of any Medicaid payback is calculated based on amounts paid by Medicaid after the creation of the ABLE Account.

At the close to the 112th Congress, 41 Senators and 236 Representatives had joined in co-sponsorship of the ABLE Act. The support was very broad and bipartisan. With such broad support, the lead sponsors expect to work to move the bills again in the 113th Congress.

GOALS FOR 2013

The Task Force expects to continue to work on the ABLE Act bill and other issues relevant to financial security for people with disabilities, including revision of military and government retiree pension plans to allow pension survivor benefits to be disbursed to trusts on behalf of people with disabilities who rely upon benefits such as Supplemental Security Income and Medicaid.

The Task Force will also coordinate its work with other coalitions working on the same or related issues.

CO-CHAIRS:

Marty Ford, The Arc of the US
Susan Goodman, National Down Syndrome Congress

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