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[HF 2526](#) – Achieving a Better Life Experience (ABLE) Accounts (LSB5223HV)  
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Fiscal Note Version – New

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### **Description**

[House File 2526](#) allows any funds retained in a Medicaid Special Needs Trust or in a Supplemental Needs Trust of a beneficiary with a disability who is also a designated beneficiary of an Iowa ABLE (Achieving a Better Life Experience) savings plan trust account to be transferred to the Iowa ABLE account of the designated beneficiary.

### **Background**

ABLE accounts allow individuals and families to save for qualified disability expenses without losing eligibility for certain assistance programs, like Supplemental Security Income (SSI) and Medicaid. The earnings on investments are federally tax-deferred and tax-free if used for qualified disability expenses. ABLE accounts are limited to \$100,000 without affecting Medicaid eligibility. In addition, ABLE accounts may be canceled at will, with the account owner receiving the account balance.

### **Assumptions**

- As of January 24, 2020, there were 364 Medicaid Special Needs Trusts monitored by the Department of Human Services (DHS), with a total of \$50.1 million invested.
  - 265 accounts have less than \$100,000, for a total of \$6.3 million.
  - 99 accounts have over \$100,000, of which \$100,000 may be available to move to ABLE accounts under this Bill, for a total of \$9.9 million.
- Supplemental Needs Trusts may also be impacted. The DHS does not have data on the number of Supplemental Needs Trusts or monitor their account balances.

### **Fiscal Impact**

The fiscal impact of this Bill cannot be determined. If all Special Needs Trust beneficiaries qualify for an ABLE account, up to \$16.2 million could be transferred, in addition to the unknown impact from the Supplemental Needs Trusts. This could result in fewer potential Medicaid recoveries due to less rigid guidelines to withdraw funds from an ABLE account or to cancel the account and receive the balance. Special Needs Trusts have increased annually, so the impact may increase over time. Medicaid costs may also increase as individuals who are currently ineligible for Medicaid transfer their assets between beneficiaries and trusts in order to qualify for Medicaid.

### **Source**

Department of Human Services

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/s/ Holly M. Lyons

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The fiscal note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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