

**Senate File 2141 - Introduced**

SENATE FILE 2141

BY MATHIS, RAGAN, and JOCHUM

**A BILL FOR**

1 An Act relating to the recovery of Medicaid payments by the  
2 department of human services following the death of a  
3 designated beneficiary of an ABLE savings account, and  
4 providing for contingent implementation.  
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 12I.4, subsection 3, Code 2018, is  
2 amended to read as follows:

3 3. Moneys in the account of a designated beneficiary ~~may~~  
4 shall not be claimed by the Iowa Medicaid program as provided  
5 authorized in section 529A(f) of the Internal Revenue Code and  
6 ~~subject to limitations imposed by the treasurer of state unless~~  
7 such claim is required to maintain qualified ABLE program  
8 status under section 529A of the Internal Revenue Code.

9 Sec. 2. Section 249A.53, Code 2018, is amended by adding the  
10 following new subsection:

11 NEW SUBSECTION. 3. *a.* Following the death of an individual  
12 who is a designated beneficiary of an account under a  
13 participation agreement pursuant to chapter 12I, all of the  
14 following shall apply to the extent permitted pursuant to  
15 chapter 12I and under federal law including section 529A of the  
16 Internal Revenue Code:

17 (1) The department shall not seek recovery of any account  
18 balance remaining in the designated beneficiary's account for  
19 medical assistance paid to or on behalf of the designated  
20 beneficiary on or after the date a participation agreement is  
21 entered into and an account is established for the designated  
22 beneficiary.

23 (2) The department shall not file a claim for payment under  
24 section 529A(f) of the Internal Revenue Code.

25 (3) Any account balance remaining in the designated  
26 beneficiary's account may be transferred to an account for  
27 another eligible individual specified by the designated  
28 beneficiary, or if another eligible beneficiary is not so  
29 designated, then the account balance shall be transferred  
30 or otherwise disposed of as determined by the estate of the  
31 designated beneficiary.

32 *b.* For the purposes of this section, "*designated*  
33 *beneficiary*", "*Internal Revenue Code*", and "*participation*  
34 *agreement*" mean the same as defined in section 12I.1.

35 *c.* For the purposes of this section, "*eligible individual*"

1 means the same as defined in section 529A of the Internal  
2 Revenue Code.

3 Sec. 3. DIRECTIVES TO DEPARTMENT OF HUMAN SERVICES.

4 1. Upon enactment of this Act, the department of human  
5 services shall request federal approval from the centers for  
6 Medicare and Medicaid services of the United States department  
7 of health and human services to implement this Act.

8 2. The director of human services shall report, monthly,  
9 to the chairpersons and ranking members of the joint  
10 appropriations subcommittee on health and human services, the  
11 legislative services agency, and the legislative caucus staffs  
12 on the progress of the request for federal approval.

13 Sec. 4. CONTINGENT IMPLEMENTATION. Implementation of this  
14 Act is contingent upon receipt of federal approval as provided  
15 under this Act. The director of human services shall notify  
16 the Iowa Code editor upon receipt of such federal approval.

17

EXPLANATION

18 The inclusion of this explanation does not constitute agreement with  
19 the explanation's substance by the members of the general assembly.

20 This bill relates to the recovery by the Iowa Medicaid  
21 program of the account balance of a designated beneficiary of  
22 an ABLE savings account.

23 The bill provides that following the death of an  
24 individual who is a designated beneficiary of an account  
25 under a participation agreement pursuant to Code chapter 12I  
26 (disabilities expenses savings plan trust), to the extent  
27 permitted pursuant to Code chapter 12I and under federal law  
28 including section 529A of the Internal Revenue Code, the  
29 department of human services (DHS) shall not seek recovery of  
30 any account balance remaining in a designated beneficiary's  
31 account for medical assistance paid to or on behalf of the  
32 designated beneficiary on or after the date a participation  
33 agreement is entered into and an account is established for  
34 the designated beneficiary; DHS shall not file a claim for  
35 payment under section 529A(f) of the Internal Revenue Code; and

1 any account balance remaining in the designated beneficiary's  
2 account may be transferred to an account for another eligible  
3 individual specified by the designated beneficiary, or if  
4 another eligible beneficiary is not so designated, then the  
5 account balance shall be transferred or otherwise disposed of  
6 as determined by the estate of the designated beneficiary.

7 The bill provides definitions for terms used in the bill and  
8 makes conforming changes.

9 The bill directs DHS, upon enactment of the bill, to request  
10 federal approval from the centers for Medicare and Medicaid  
11 services of the United States department of health and human  
12 services to implement the bill. The bill requires the director  
13 of human services to report, monthly, to the chairpersons and  
14 ranking members of the joint appropriations subcommittee on  
15 health and human services, the legislative services agency, and  
16 the legislative caucus staffs on the progress of the request  
17 for federal approval.

18 Implementation of the bill is contingent upon receipt of  
19 federal approval as provided in the bill and the director of  
20 human services shall notify the Iowa Code editor upon receipt  
21 of such federal approval.

22 The disabilities expenses savings plan trust is also known  
23 as the Iowa ABLE savings plan trust which was established as  
24 a qualified ABLE program under section 529A of the Internal  
25 Revenue Code. The purpose of ABLE savings accounts is to  
26 encourage and assist individuals and families in saving  
27 private funds for the purpose of supporting individuals with  
28 disabilities to maintain health, independence, and quality  
29 of life and to provide secure funding for disability-related  
30 expenses on behalf of designated beneficiaries with  
31 disabilities that will supplement, but not supplant, benefits  
32 provided through private insurance, the Medicaid program,  
33 the federal supplemental security income program, and other  
34 sources. ABLE savings accounts allow eligible individuals the  
35 opportunity to save and fund a variety of qualified disability

S.F. 2141

1 expenses without endangering eligibility for certain benefits  
2 such as Medicaid and supplemental security income.