**HB371/SB363 – ABLE Account Estate Recovery Prohibition**

**What are ABLE accounts?**

* ABLE = Achieving a Better Life Experience Act – established by federal legislation in 2014
  + Launched in 2016 – sponsored by Sen. Becky Massey and Reps. Steve McMannis and Kevin Brooks
* Tax-deferred accounts for young people with disabilities that allows them to save money beyond the $2,000 asset limit for Medicaid eligibility.
* Money saved in these accounts can be used only for future *qualified expenses*.
  + Qualified expenses examples:
    - education, housing, transportation, employment training, assistive technology, personal support services, health/prevention/wellness and funeral and burial expenses.

**How ABLE accounts work:**

* Very similar to 529 College Savings Accounts
* Each state must choose to establish their own ABLE program
  + 45 states in total have ABLE account programs with 50,000 accounts nationwide
* To be eligible for a Tennessee ABLE account, an individual must:
  + Reside in Tennessee
  + Have a disability diagnosed before the age of 26
  + Be eligible for SSI *OR* eligible for SSDI *OR* be diagnosed with an intellectual or developmental disability that results in severe functional imitations
* ABLE account holders (and family/friends) are allowed to deposit up to $17,000 per year into their accounts
  + Accounts may hold up to $100,000 without impacting eligibility for state or federal supports and services

**The Estate Recovery problem:**

* ABLE accounts are subject to estate recovery
  + Definition: following the death of the beneficiary, the state Medicaid agency (TennCare) is allowed to try to recover any funds remaining in that person’s ABLE account
  + They do this to try to pay themselves back for the cost of services provided by the state over the beneficiary’s lifetime
  + It is likely the entire balance of the ABLE account
* Estate recovery reduces participation, reduces incentives to work and save, reduces incentives to further education and reduces opportunities for independence.

**HB371/SB363 – What the bill does:**

* This bill would prohibit TennCare from making a claim on an ABLE account following the death of the account owner beyond what the federal government requires
  + Passing this bill would mean that ABLE accounts are NOT eligible for estate recovery before the age of 55
  + Account owners and their families can work and save without jeopardizing their benefits and without worrying about the state taking their savings