**Protecting your Money and Promoting Independence:**

**Ending Medicaid Clawbacks on ABLE Accounts**

**What are ABLE accounts?**

* Achieving a Better Life Experience (ABLE) is a savings program designed to help Tennessee residents with disabilities put aside money for qualified expenses.
* ABLE accounts are tax-advantaged 529 savings accounts for individuals with disabilities and their families.
  + To open an ABLE account, an individual must have a diagnosed disability before the age of 26 (though there is a federal movement to push back the age requirement to 46).
  + Individuals with a disability or their family members may deposit up to $15,000 per year. A working individual with a disability may also add an additional amount equal to that year’s federal poverty threshold each year.
    - This money does not count toward the $2,000 asset limit for Social Security (up to $100,000).
* For more information about the ABLE TN Savings Program visit: [https://able.treasury.tn.gov](https://able.treasury.tn.gov/)

**What is the clawback provision?**

* Upon the death of an ABLE beneficiary, the person with a disability, a provision within the federal statute permits the state agency that operates Medicaid (TennCare in Tennessee) to use the funds in the account to reimburse themselves for qualified medical expenses paid out by Medicaid.
* Ten states have legislatively prohibited the practice of Medicaid clawback, including Florida, Pennsylvania and Virginia.

**Why the clawback provision is a bad idea:**

* ABLE accounts encourage meaningful employment, community living and independence for individuals with disabilities without the threat of impoverishment through loss of vital benefits.
  + In particular, because it allows a person to maintain their social security income (SSI) benefits and have assets above $2,000.
* ABLE accounts allow beneficiaries to deposit money into their own ABLE account, whereas a Special Needs Trust only permits others to make deposits. This gives people with disabilities more power over their own financial well-being.
* The prospect that assets belonging to a deceased ABLE beneficiary must be returned to the state disincentivizes many people from opening an ABLE account.
  + The more ABLE accounts a state operates, the smaller the overhead cost to the state to operate the program.

**Solution:**

* The Tennessee General Assembly could introduce a bill that supports ABLE Accounts and prohibits the practice of Medicaid clawback

Have questions or want to get involved? Contact: [jeff\_s@tndisability.org](mailto:jeff_s@tndisability.org) or 615-383-9442