

Legislation ALERT: ABLE Act of 2013

By: Aaron Carter Bates

On Friday, September 19th, Federal lawmakers announced that a deal was reached to permit The Achieving a Better Life Experience (ABLE) Act of 2013 (S. 313/H.R.647) to move forward in Congress. The ABLE Act was introduced in 2013 and, with a model based on IRC 529 college savings plans, aims to amend Section 529 of the Internal Revenue Code to allow for creation of tax-free savings accounts for individuals with disabilities.

The ABLE Act is critical to further enabling independent, community-based living while eschewing institutionalized care. Typically, the amount of resources one may have access to on a monthly basis cannot exceed \$1,100-\$2,000 for individuals and \$2,000-\$3,000 for couples (Please check your State's specific guidelines. Medicaid income limits also vary by state. The range for individuals is typically \$600-\$800 and \$1,000-\$1,350 for couples. Some states use a formula based on the individual's federal SSI benefit level. In these instances, the eligibility limits are usually three times the SSI benefit.). Anything exceeding these thresholds, disqualifies an individual with a disability from benefits.

The ABLE Act is designed to lessen the impact of the financial burdens and thresholds associated with being disabled by permitting individuals with disabilities to have tax-free savings accounts available to cover qualified expenses such as education, housing, and transportation. The bill would supplement, but not supplant, benefits provided through private insurance, Medicaid, SSI, employment, and/or other sources. The Act also contains Medicaid fraud protection against abuse and a Medicaid pay-back provision when the individual passes away. It will eliminate barriers to work and saving by preventing dollars saved through ABLE accounts from counting against an individual's eligibility for any federal benefits program, such as Medicaid or SSI.

On Friday, the Act's chief sponsors and leaders of the Senate's Committee on Finance said in a joint statement that they expect the legislation to be considered when Congress returns to Washington in November. "We are committed to working with our House colleagues to ensure this legislation will be passed in a bipartisan, bicameral manner and sent to the president's desk in the lame duck session," read the statement from Sen. Ron Wyden, D-Ore., Sen. Orrin Hatch, R-Utah, Sen. Bob Casey, D-Pa., and Sen. Richard Burr, R-N.C.

The ABLE Act has been under consideration in Congress since 2006 and is sponsored by more than half the members of both the U.S. House of Representatives and the Senate. The bill passed a House committee in July, but lawmakers indicated they would need to reach an agreement on how to pay for the measure before it would be put up for a floor vote. The deal reached last week will "serve as the foundation for final passage," the senators said.

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