



SB 218 – DODD CALABLE

Summary

SB 218 will limit the Medicaid Recovery of Achieving a Better Life Experience Act (ABLE) Accounts in California, by prohibiting the State Medi-Cal Recovery.

In the Fall of 2015, California created the California ABLE Act Board, CalABLE, and tasked it with developing the program here in California.

Background

In December 2014, the Federal government authorized states to create ABLE tax-advantaged savings account programs. ABLE accounts allow certain individuals with disabilities to accumulate savings without losing their eligibility for means tested SSI, Medicaid and other government benefit programs. To be eligible for an ABLE account an individual's blindness or disability must have occurred before the individual reached age 26.

An ABLE account is established by and owned by the disabled individual (or by a parent or fiduciary acting on behalf of an eligible individual who is a minor or who lacks capacity). Anyone can contribute to it.

The money in an ABLE account can be used to pay for a broad range of "qualified disability expenses." Funds can be used to pay for education, housing, health, transportation, personal support, employment training, legal and financial assistance, and more.

Part of the Board's mission was to include the target population in the development of the program design, but also take lessons learned from programs already operational. A slow uptake in program enrollment across the country led program administrators to question why. The resounding answer was the fact that Medicaid was authorized to recover monies spent on a beneficiary from an ABLE account upon the beneficiary's death. The Federal law gives each state the autonomy to recover state level Medicaid dollars spent as well. Given the concern that current and potential participants have with the recovery of ABLE accounts, the ABLE program in Pennsylvania sought out and passed legislation that prohibited the state from recovering state level Medicaid dollars spent.

In California, with the largest target population in the country, the program depends on the level of enrollment. The removal of the state level Medicaid recovery would greatly benefit the population by encouraging participants to both enroll in the program and contribute more money than they would be comfortable with should the recovery provision remain intact.



Existing Law

Until recently, individuals receiving federal benefits have been restricted in the amount of money they can save, essentially keeping them in poverty and preventing them from planning for the future. With the [Stephen Beck Jr. Achieving a Better Life Experience \(ABLE\) Act](#), signed into federal law by President Obama, these thresholds are no longer an obstacle.

In 2015 Governor Brown signed the California ABLE Act into law. CalABLE allows qualified individuals with disabilities and their families to open tax-free savings accounts without the worry of losing vital government assistance. The law establishes a board that will administer the CalABLE savings program.

The CalABLE program in California will open up life-improving opportunities for people with disabilities and their families in much the same way California's ScholarShare 529 plans formed educational opportunities for the state's students.

Contributions to an ABLE account, currently limited to \$14,000 per year, can be made by family, friends, or the beneficiary themselves. The account's earnings are allowed to accumulate tax-free, and the withdrawals, provided they are applied to qualifying disability expenses, are tax-free.

This Bill

SB 218 will prohibit the state seeking distribution of any amount remaining in the designated beneficiary's ABLE account for any amount of medical assistance paid under the state's Medicaid plan and would prohibit the state from filing a claim for the payment.

Support

Calif. Treasurer John Chiang – Sponsor

Opposition

None on file

Contact

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