

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Department on Disability Services



Public Hearing for B21-0251,
The ABLE Program Trust Establishment Act of 2015

Testimony of
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Before the

Committee on Finance and Revenue

Council of the District of Columbia

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Good morning Chairman Evans, members and staff of the Committee. I am Laura Nuss the Director of the Department on Disability Services (DDS), the agency whose mission it is to provide high quality services that enable people with disabilities to lead meaningful and productive lives as vital members of their families, schools, workplaces and communities in every neighborhood in the District of Columbia. I am pleased to testify before you today in support of Bill 21-252, the “ABLE Program Trust Establishment Act of 2015,” which creates a critical strategy for creating pathways to the middle class for District residents with disabilities and their families.

The *Achieving a Better Life Experience* or ABLÉ Act was first introduced in 2006 and subsequently signed into law by President Obama on December 19, 2014. The ABLÉ Act mandates that states provide people with disabilities and their families the opportunity to create tax-exempt savings accounts that can be used for maintaining one’s health, independence, and quality of life. Since its enactment, 41 states have pending or signed legislation establishing ABLÉ programs in their jurisdictions.¹ With this legislation, the District of Columbia joins other states in increasing opportunities for people with disabilities to work and live more independently.

BENEFIT TO THE INDIVIDUAL

The federal ABLÉ Act and the ABLÉ Program Trust Establishment Act of 2015 recognize that there are added costs to living with a disability and respond to these significant daily and weekly out-of-pocket expenses by creating, for the first time, a tax advantaged savings account, called an ABLÉ account. This is a critical strategy to creating a pathway out of poverty

¹ <http://www.thearc.org/what-we-do/public-policy/issues/able-program-implementation>.

for District residents with disabilities and their families who depend on a wide variety of public benefits for income, health care, food and housing assistance. According to the 2012 Disability Status Report for the District of Columbia, from the Employment and Disability Institute at Cornell University, 11.5% of D.C. residents have a disability.² Of those, 13,100 working-age people with disabilities received Supplemental Security Income (SSI) benefits.

Eligibility for public benefits like SSI and Medicaid do not allow a person to have more than \$2,000 in cash savings, retirement funds and other items of significant value. In other words, to remain eligible for these safety net public benefits, a person with a disability must remain poor. For the first time, eligible people with disabilities and families will be allowed to establish ABLE savings accounts that will not affect their eligibility for SSI, Medicaid and other public benefits. ABLE accounts enable people to save, tax-free, up to \$14,000 per year and adjusted annually for inflation. Money saved through an ABLE account does not count against an individual's eligibility for any federal benefits program. It eliminates a barrier to employment for people with disabilities, by allowing them to deposit their paycheck into their ABLE account, so that they are not faced with potentially having more than \$2,000 in resources and being disqualified from the very public benefits programs such as Medicaid that provide the support they need to be independent and work.

ABLE accounts will cover "qualified disability expenses," which means any expense related to the person that results from living a life with disabilities. These can be applied in areas such as education, housing, transportation, assistive technology, personal support services, health care expenses, and more. As examples, a person may save through an ABLE account for

² http://www.disabilitystatistics.org/StatusReports/2012-PDF/2012-StatusReport_DC.pdf#cgi.SCRIPT_NAME#

renovations for his or her family home, so that it is more accessible; for the purchase or modification of an accessible vehicle; for personal care to supplement what is offered through the person's insurance; or, for employment training and support.

To be a "designated beneficiary" of an ABLE account, a person has to be diagnosed with a disability before the age of 26. A person with a disability or family member can contribute to an ABLE account and these funds will supplement, but not supplant, benefits provided through private insurances, the Medicaid program, the supplemental social security program, the beneficiary's employment, and other sources.³ Establishment of an ABLE Act is consistent with a shifting national landscape in which states are required to support people with disabilities and their families in ways that enable them to have meaningful, independent and integrated lives. These savings will go a long way toward making a difference in the quality of life a person lives in the community.

BENEFIT FOR FAMILIES

In addition to the benefits for the person, savings in ABLE accounts benefit families as well. Parents of children with disabilities or aging caregivers can utilize ABLE accounts to carefully plan for the future of their children or family member(s) by saving for the costs associated with the care of the person and thus provide them with financial peace of mind. Many families are discouraged from placing assets in the names of their family members with disabilities because of the fear that it will result in a disqualification of government benefits. Many families who want to improve the lives of their loved ones do not want to do so if it jeopardizes their access to benefits. This bill allows families to plan for the future of their loved

³ <http://www.ndss.org/Advocacy/Legislative-Agenda/Creating-an-Economic-Future-for-Individuals-with-Down-Syndrome/Achieving-a-Better-of-Life-Experience-ABLE-Act/>

ones and at the same time, give people with disabilities a chance to escape poverty and pursue their dreams.

BENEFIT FOR THE STATE

For those concerned that this program can lead to Medicaid fraud or increased growth in Medicaid services, the ABLE legislation contains protections against abuse and a Medicaid pay-back provision when the beneficiary passes away. In other words, any savings still remaining in an ABLE account at the time of the beneficiary's death can be used to pay back any state Medicaid plan up to the value of Medicaid services provided to the beneficiary. This is calculated based on amounts paid by Medicaid after the creation of the ABLE account.

In conclusion, these tax-advantaged savings accounts for people with disabilities and their families will create more opportunities for people to live independently, recognizing that people with disabilities contribute greatly to the diversity and quality of our community. This legislation will certainly create more pathways to the middle class for persons with disabilities and provide access to work and wealth without relegating people to government benefits alone or keeping them impoverished. It sends the message that we recognize the significant and extra cost of living with a disability and that people with disabilities should have opportunities to gain and maintain financial independence.

Thank you for the opportunity to testify today.