



**CONGRESSIONAL BUDGET OFFICE  
COST ESTIMATE**

July 10, 2015

**S. 349**

**Special Needs Trust Fairness Act of 2015**

*As ordered reported by the Senate Committee on Finance on June 24, 2015*

**SUMMARY**

S. 349 would permit non-elderly individuals with disabilities to establish their own special needs trusts without having to file a petition with a court, which CBO expects would reduce the amount of time before such a trust is established. Because assets held in such trusts are not counted toward Medicaid or Supplemental Security Income (SSI) asset tests, effectively lowering the eligibility threshold for those programs, enacting the bill would allow some Medicaid and SSI benefits to be drawn sooner.

CBO estimates that the bill would increase direct spending by \$8 million over the 2016-2025 period. Because enacting the legislation would affect direct spending; pay-as-you-go procedures apply. Enacting the bill would not affect revenues.

S. 349 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

**ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary impact of S. 349 is shown in the following table. The costs of this legislation fall within budget function 550 (health).

By Fiscal Year, in Millions of Dollars												
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016-2020	2016-2025
<b>CHANGES IN DIRECT SPENDING</b>												
Medicaid												
Budget Authority	*	*	*	*	1	1	1	1	1	1	2	5
Estimated Outlays	*	*	*	*	1	1	1	1	1	1	2	5
Supplemental Security Income												
Budget Authority	*	*	*	*	*	*	*	*	*	*	1	3
Estimated Outlays	*	*	*	*	*	*	*	*	*	*	1	3
Total Changes												
Budget Authority	1	1	1	1	1	1	1	1	1	1	3	8
Estimated Outlays	1	1	1	1	1	1	1	1	1	1	3	8

Note: \* = Less than \$500,000.

## BASIS OF ESTIMATE

S. 349 would permit non-elderly individuals with disabilities to establish their own special needs trusts without having to file a petition with a court. A special needs trust is a specific type of trust defined in Medicaid statute that can only be established on behalf of non-elderly individuals with disabilities. Assets held in a special needs trust are not counted toward Medicaid or Supplemental Security Income (SSI) asset tests.

Under current law, a special needs trust can only be established by parents, grandparents, legal guardians, or a court. Individuals wanting to set up special needs trusts for themselves would have to file a petition with a court, which can take many months. CBO expects this bill would reduce the amount of time it would take to establish special needs trusts since individuals would no longer have to file a petition with a court to do so. In turn, individuals who establish trusts independently would receive several more months of Medicaid and SSI benefits. CBO does not expect the bill to increase the number of special needs trusts established.

Based on information from the Department of Health and Human Services, the Social Security Administration, and other stakeholders, CBO estimates that permitting qualified individuals to establish their own special needs trusts would cost about \$8 million over the 2015-2025 period. That amount includes \$5 million for additional months of Medicaid coverage and \$3 million for additional months of SSI benefits.

## PAY-AS-YOU-GO CONSIDERATIONS

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays that are subject to those pay-as-you-go procedures are shown in the following table.

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**CBO Estimate of Pay-As-You-Go Effects for S. 349, as ordered reported by the Senate Committee on Finance on June 24, 2015**

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	By Fiscal Year, in Millions of Dollars												2015-	2015-
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2020	2025	
<b>NET INCREASE IN THE DEFICIT</b>														
Statutory Pay-As-You-Go Impact	0	1	1	1	1	1	1	1	1	1	1	3	8	

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## INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 349 contains no intergovernmental or private-sector mandates as defined in UMRA. The bill would result in increased spending for Medicaid. Since a portion of Medicaid is paid for by state governments, CBO estimates that state spending on the program would increase by about \$3.8 million over the 2016-2025 period. Because states have broad flexibility to alter optional benefits and eligibility to offset such costs, the increased spending would not result from an intergovernmental mandate as defined in UMRA.

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