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HOUSE COMMITTEE REPORT

File

(11)

Date Referred: April 26, 1990

FURTHER REFERRALS:

Date of Committee Action: 5/4/90

The FINANCE Committee considered:

CSSB 50(Rls)

CS SB NO. 50 (Rules)

TRUST FUND FOR HANDICAPPED PERSONS

"An Act relating to persons who are handicapped or mentally ill; and providing for an effective date."

RECOMMENDATIONS:

- be replaced with _____ the same title
- have attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):
(Dept)

APPROVES PREVIOUS:

(Date/Dept)

- fiscal impact _____ fiscal note(s) _____
- zero fiscal note _____ zero fiscal note(s) 3/16/90 / Sen. FIN. CMTE
- zero with analysis _____ zero fn/analysis _____

SIGNING DO PASS:

SIGNING:

(Check approp. column)

Do Not Pass
No Rec
Amend

[Signature] Hoffman
[Signature] Larson
[Signature] Swackhammer
[Signature] Brown
[Signature] Koponen
[Signature] Phillips

	Do Not Pass	No Rec	Amend
<u>[Signature]</u> Rieger		X	

[Signature] Larson
 Co Chairman's Signature Hoffman

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Trust for persons who are
handicapped or mentally ill
Sponsor: Senator Duncan
Requestor: Senate Finance

Agency Affected: Health & Social Service
BRU: Institutions & Administratio
Components: Mental Health Administrat.

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS : (Attach a separate page if necessary)



Prepared by: Senator Rick Uehling, Co-chairman
Division: Senate Finance Committee

Phone: 465-4821
Date: 2/28/90

Approved by Commissioner: _____
Agency: _____

Date: _____

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

Original sponsor(s): SEN. DUNCAN

1 IN THE SENATE BY THE RULES COMMITTEE

2 CS FOR SENATE BILL NO. 50 (Rules)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to persons who are handicapped or
7 mentally ill; and providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 47.80 is amended by adding new sections to read:

10 ARTICLE 3A. SPECIAL FUNDS.

11 Sec. 47.80.200. SELF-SUFFICIENCY TRUST FUND. (a) There is
12 established in the state treasury the self-sufficiency trust fund. It
13 consists of money deposited in the trust fund by the commissioner of
14 health and social services under AS 47.80.210.

15 (b) The commissioner of revenue is the custodian of the trust
16 fund in the same manner as provided for the public school trust fund
17 in AS 37.14.160 - 37.14.170, except where the provisions of AS 47.80.-
18 200 - 47.80.290 conflict.

19 Sec. 47.80.210. CONTRIBUTIONS TO THE FUND. (a) The department
20 shall deposit into the trust fund money accepted by the department
21 from a self-sufficiency trust under an agreement with the trust. The
22 agreement must name a beneficiary who is a resident person with a
23 handicap or mental illness and specify the care or treatment to be
24 provided for the beneficiary. The agreement may name more than one
25 qualified beneficiary.

26 (b) The commissioner of revenue shall keep separate accounts in
27 the trust fund for each beneficiary named under (a) of this section
28 and allocate interest earned on the fund pro rata to the respective
29 accounts.

1 Sec. 47.80.220. USE OF THE TRUST FUND. (a) Money in the ac-
2 counts established under AS 47.80.210 may only be used by the depart-
3 ment under its regulations to provide care and treatment to the named
4 beneficiaries in accordance with the terms of the agreements by which
5 the money was accepted and to pay the costs incurred by the Department
6 of Revenue and the Department of Health and Social Services in admin-
7 istering AS 47.80.200 - 47.80.290. The commissioner of revenue shall
8 direct payments from the trust fund upon vouchers properly certified
9 by the Department of Health and Social Services.

10 (b) If the department determines that the money in an account
11 cannot be used consistent with the agreement by which it was accepted
12 or the regulations of the department, or upon request of the self-
13 sufficiency trust that deposited the money, the balance of the ac-
14 count, together with any accumulated interest on it, shall be promptly
15 returned to the self-sufficiency trust.

16 Sec. 47.80.230. EFFECT ON OTHER ASSISTANCE. The receipt by a
17 beneficiary of money from the trust fund, or of care or treatment
18 provided with that money, does not in any way affect the benefits to
19 which the beneficiary is otherwise entitled by law.

20 Sec. 47.80.240. CHARITABLE ACCOUNT. (a) There is established
21 in the trust fund a handicap and mental illness charitable account.
22 The account consists of money from any source that is deposited with
23 the commissioner of revenue for the account.

24 (b) Subject to appropriation, the department may use money in
25 the account to provide care and treatment of low-income persons with
26 handicaps or mental illnesses.

27 Sec. 47.80.290. DEFINITIONS. In AS 47.80.200 - 47.80.290

28 (1) "mental illness" has the meaning given in AS 47.30.915;

29 (2) "person with a handicap" has the meaning given in

1 AS 47.80.900, except that it does not include "gifted children" as
2 defined in AS 14.30.350;

3 (3) "self-sufficiency trust" means a trust established by a
4 nonprofit organization that

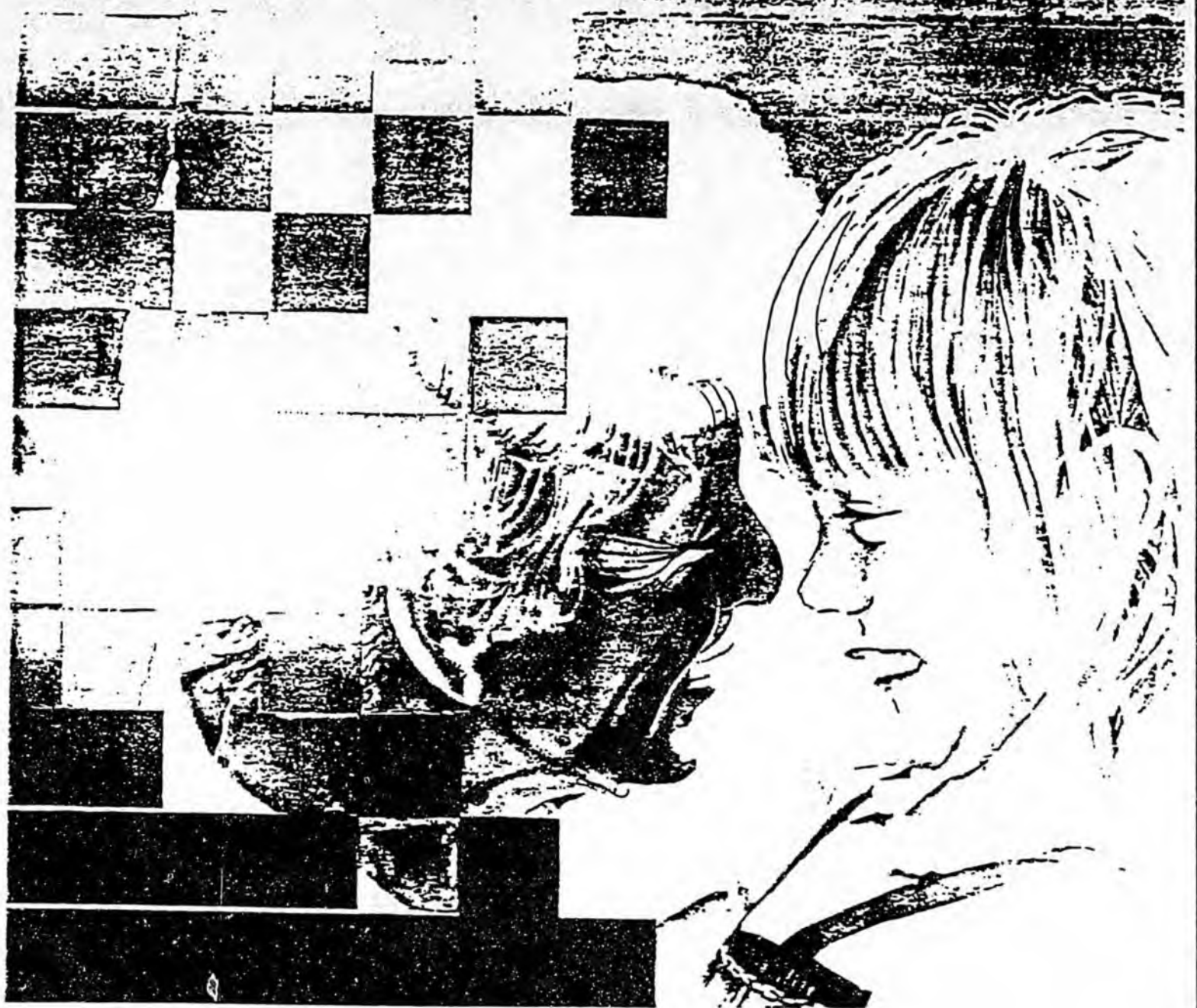
5 (A) has as its purpose the provision of care or treat-
6 ment of persons with handicaps or mental illnesses;

7 (B) is incorporated under AS 10.20; and

8 (C) meets the requirements of 26 U.S.C. 501(c)(3);

9 (4) "trust fund" means the fund established under AS 47.-
10 80.200.

11 * Sec. 2. This Act takes effect July 1, 1990.



by Paul Medlin

When parents and families with children who are disabled ponder the future, they face concerns that parents of non-disabled children do not. They must provide a life-care legacy that will not render their disabled dependent vulnerable after the parent's death. Innovative research and development in nontraditional estate and future care planning has begun to replace the usual "catch 22" situations faced by these families with effective measures to

assure the protective legacy their dependents need. The Self-Sufficiency Trust model removes the complications that have traditionally stymied effective estate planning efforts by parents; it includes the personalized life-care monitoring and guardianship services that significantly reduce future vulnerability.

Conceived in Illinois, the Self-Sufficiency Trust evolved from the research of the National Foundation for the Handicapped under the direction of Mr. James

The Self-Sufficiency Trust

Innovation in Life-Care Planning for the Disabled

H. DeOre, with funding in part from the Illinois Department of Mental Health. In September 1986, the Self-Sufficiency Trust was enacted into law (P.A. 84-1373) by unanimous vote of the Illinois Legislature.

The Trust model was seen as an "estate planning" option that would avoid conflict with existing rules that penalize families for providing direct services to their disabled dependents eligible for federal assistance under the Supplemental Security Income and Medicaid programs. Further, the Trust would encourage the flow of money from private sources, focusing on expanded supplemental services to the disabled. This new private-public initiative encourages parents, state government, and service providers to work together to plan now for a secure future for the disabled.

The Self-Sufficiency Trust model includes private and public trust components. It is governed by a volunteer Board of Trustees that works first with the family co-trustees to control the Private Fund to which families may contribute the assets (money, securities, property) designated by private trusts for life-care services of named disabled beneficiaries. Secondly, the Board of Trustees controls the Charitable Trust which accepts residual and donated assets for use in providing service to low-income and indigent persons with disabilities who are unable to participate in a private trust.

Further, the Board of Trustees controls the disbursement of funds as defined in each "life-care plan" of the named dis-

abled beneficiaries, and ensures that necessary supplemental services are provided each beneficiary. Finally, the Board of Trustees works with the Illinois Department of Mental Health and Developmental Disabilities to ensure that the repository of donations from the Charitable Fund are used to expand existing governmental supported services to benefit people with disabilities where the greatest need exists.

What Are SST Life-Care Plans?

Each "private trust" within the Self-Sufficiency Trust is operationally based upon the individual "Life-Care Plans" developed by the parents or family and the knowledgeable trust staff. The Life-Care Plan becomes the document that governs the administration and disbursement of each "private" trust fund and identifies those supplemental services that the family or parent desires for their disabled dependent. Identifying future needs and costs is difficult. Therefore, a computerized data-base that assesses present need, projects changing future service needs, and correlates present and future costs of those services helps each family to plan realistically, based on their capacity to fund supplemental service needs through estate planning. Principal assets are individually calculated that will provide a flow of interest income sufficient to fund present and/or future supplemental service needs.

Intuition of private trusts will vary for families, depending on the assets required to fund their plan. Some families may establish a trust within the Self-Sufficiency Trust while they are living by depositing assets in a private trust at one time or over several years. Others may make provisions to deposit their disabled heir's share of the parent's estate into a Self-Sufficiency Trust via a trust clause in their will. Some may choose a combination, but regardless of the funding ap-

proach taken, families will have carefully constructed a "life-care plan," defined the supplemental services desired, and initiated estate planning for the benefit of their disabled dependent.

What Role Does Parent/Grantor Play in SST?

Upon the establishment of a Self-Sufficiency Trust account, the donor or grantor of the private trust may serve as co-trustee or may designate someone else. The co-trustee retains the right to disapprove or delay implementation of the disabled beneficiary's "life-care plan." Until disbursement for services is made from each representative beneficiary's Self-Sufficiency Private Trust Fund account, the grantor (parent or other) may withdraw from participation and recover his or her original contribution minus a penalty based on the number of years of participation in the SST Private Fund. The SST Private Trusts are considered irrevocable, meaning that the original intent of the grantor of the trust cannot be changed.

Additionally, the Self-Sufficiency Trust model provides that at least 50% of the principal remaining in the Private Trust at the death of the disabled beneficiary be left to the Charitable (Remainder) Trust, with the balance returned to the heirs of the Trust grantor. These residual assets, combined with private donations, allow the Board of Trustees to service the indigent.

How Are Funds Disbursed?

Once the individual SST Private Trust is established and funded, the disbursements that benefit each disabled beneficiary may be completed in one of two ways. First, monies (interest) may be "donated" by design in the Life-Care Plan to a counterpart SST State Fund operated by the

Paul Medlin is involved in setting up the Self-Sufficiency Trust nationwide. For additional information about SST call (312) 941-3498, or write The National Foundation for the Handicapped, 340 W. Superior St., Emporium, IL 60126

Department of Mental Health and controlled by the State Treasurer. This "donation" process transfers the assets required to purchase the needed supplemental services to an individual account maintained for each beneficiary entitled to benefits from that government department. Vouchers are then processed via the state treasurer to pay for the desired supplemental service. While many find this step in the process unsettling, it has the distinct advantages of preserving public entitlements and avoiding invasion of the trust. Disbursements by the Department of Mental Health via the state treasurer are made to regular service providers.

Monies deposited for this purpose may not revert back to a private trust or charitable trust account, unless it is determined by that department that the funds cannot be used to purchase the services for which they were designated in the agreement. At that point, funds may be returned.

The second disbursement process involves direct payments to private vendors, human service providers, advocates, or successor guardians who are monitoring the welfare and condition of the beneficiary. This service provision sets the Self-Sufficiency Trust apart from generic trusts devoid of life-care monitoring. Families may build into the life-care plan a personalized, non-profit organization or group to look out for the best interests of each disabled beneficiary and to act as either an "advisor" to the Board of Trustees, ensuring that Trust assets are meeting valid needs, or purchasing quality services. They may also seek a successor guardian to assume legal consent authority at some point in the future. The peace of mind that is desired by all families with dependents who are disabled is offered, not as an option, but as a major component of the Self-Sufficiency Trust model.

So far we have discussed the Self-Sufficiency Trust from the standpoint of its mechanics as a "pooled-income" trust. What does it contribute to the overall improvement of services for our nation's disabled? What makes it desirable to families with dependents who are disabled? How is it unique in its approach to estate planning?

Historically, government and the private sector have joined together to carry out the mandate of services to people with disabilities. Using its resources, each state has developed a system of services to fulfill

its mandated responsibilities. The Self-Sufficiency Trust concept evolved from the realistic acknowledgement that a state's capacity to provide these needed services is diminished by increased demand, the changing economic climate, and national policies. The SST embodies the search for alternative service capabilities and the generation of resources necessary to provide them in the future.

The Self-Sufficiency Trust research found that most states face the following problems:

- Fluctuations in tax revenues have an impact upon services provided to people with disabilities. It is unreasonable to expect state tax revenues to support the increasing needs of the population.
- Unmet housing needs unfairly affect a segment of the disabled population.
- Increased life spans intensify chronic housing shortages.
- Reduced Federal program support further increases the stress on state treasuries.
- Deinstitutionalization places heavier demand on the private provider networks to supply services and housing to the disabled.
- Fluctuations in governmental grants place severe strain on the capacity to continue these services and to survive funding shortfalls.

All these factors add to the uncertainty of future services for the disabled and hinder effective estate planning by families that might supplement their disabled dependent's future care needs. Estate planning for the disabled had to be more than a trust that could withstand invasion. Rather, it had to address the real situations that could negatively effect future services and their funding. The Self-Sufficiency Trust combined private (family) concern with public (state) financing needs into a legislatively-based mechanism that seeks to resolve problems confronting the service delivery system as a whole.

The Self-Sufficiency Trust has been enacted into law in Illinois and Maine. To date, an additional ten states have expressed interest. The potential benefit of a nationwide Trust network is, of course, economy of scale, resulting in trust management savings, larger principal investment and return, and most importantly, increased private sector (parent and family) voice in services and financing of those services for the disabled. However, several advantages accrue to each state in which it is enacted:

- New sources of private funding to expand services for disabled people.
- A computerized data collection system to identify type, scope, and time projection of need-specified services (i.e., residuum) with which to plan future services for disabled people.
- Potentially reduced dependence upon federal support, which carries with it red tape and the expense of obtaining those federal funds.
- Private-public partnership which actively involves each in working toward improved/expanded services for disabled people.

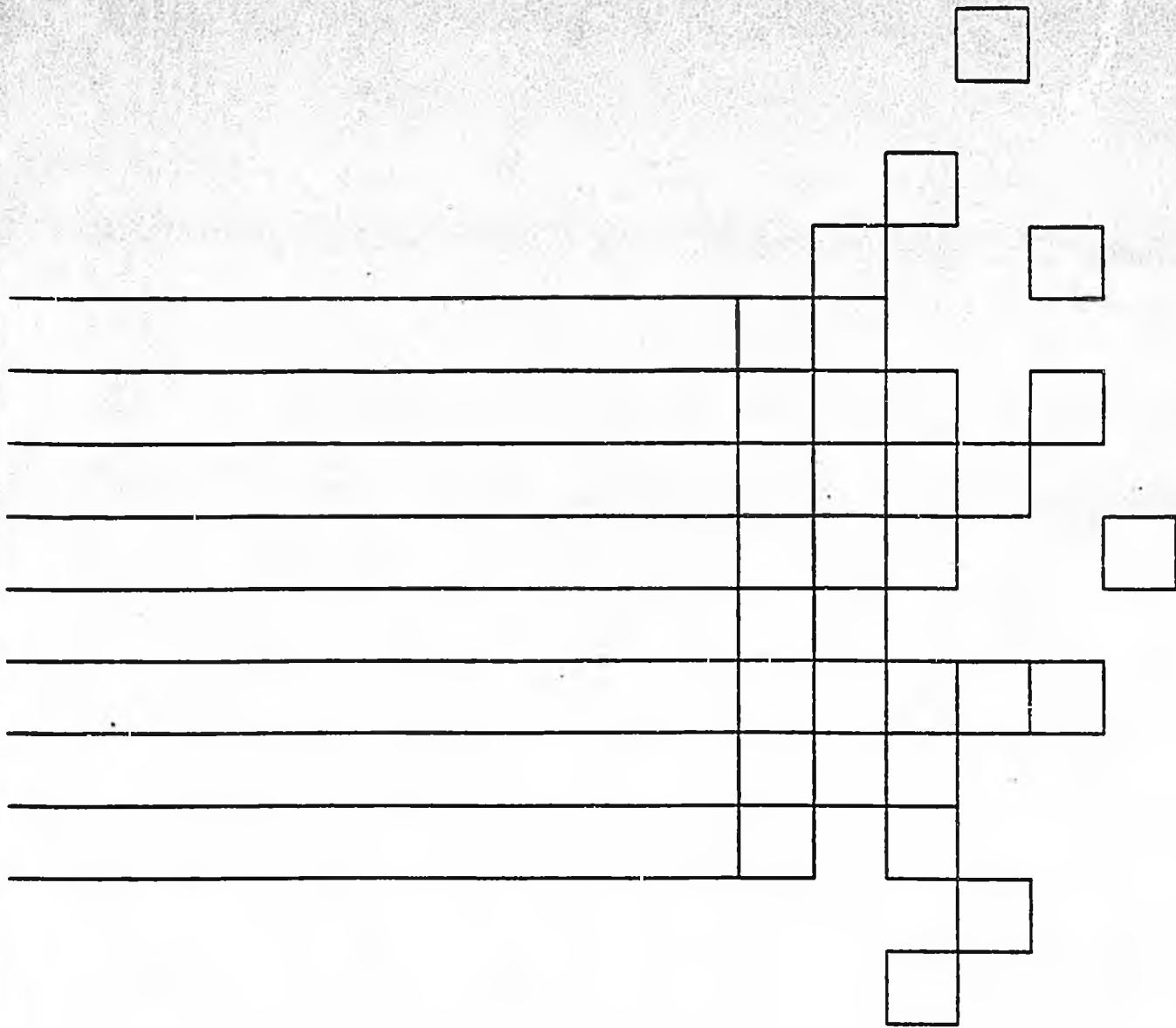
For families, several major advantages are incorporated into the SST model. Several years and close to a million dollars of research have carefully evolved into a trust which encompasses the "state of the art" in estate planning for the disabled. Disincentives have been eliminated, specifically in the areas of safeguarding public entitlement benefits.

Medicaid Eligibility

The Health Care Financing Authority (HCFA) of the Department of Health and Human Services have ruled that neither principal nor interest held in a SST Private Trust will be counted in determining Medicaid eligibility. Many families fear the loss of the medical benefits or related state support of residential care if they contribute assets to their disabled adult children, or that assets they wish to set aside for future needs will have to be spent down before their children will become eligible again. Under this ruling, parents may establish a Self-Sufficiency Trust without affecting their disabled son or daughter's eligibility.

Similarly, the Council General's Office of the Social Security Administration for Region V (Illinois and upper Mid-West) has determined that SST principal and interest will not be counted as resources in determining eligibility under the Supplemental Security Income (SSI) program.

For most persons with disabilities who depend upon public entitlement support, these rulings will ensure that parental estate planning efforts become supplemental to, and not replacement of, public benefits. Additionally families participating in a Self-Sufficiency Trust will not face the requirement of spending down or exhausting private assets in order to regain eligibility for public benefits. ways



Orientation

STATE OF ILLINOIS
PUBLIC ACT 84-1373



SELF-
SUFFICIENCY
TRUST

SUMMARY

Rev 5-20-88 [©]™

SELF-SUFFICIENCY TRUST SUMMARY

The Self-Sufficiency Trust (C) is a comprehensive life-care planning option designed to meet the supplemental service needs of people with disabilities now and in the future.

More than a pooled income trust, the Self-Sufficiency Trust is an innovative private sector service financing mechanism which allows parents and families to plan a secure future for their disabled dependent without the fear of loss of governmental benefits or invasion of their trust principal.

The Self-Sufficiency Trust provides a mutually beneficial public/private working relationship between families of disabled individuals, the state, and the community-based human service network. Enacted into state law, the Self-Sufficiency Trust becomes a stable financing mechanism which operates through individualized programs (Life-Care Plans) to arrange for supplemental services from existing provider networks. The existing service delivery system is supplemented and thus expanded ---all for the need-specific benefit of individuals with disabilities.

The Self-Sufficiency Trust evolved from the research and support of the National Foundation for the Handicapped under the direction of Mr. James DeOre, with partial funding from the Illinois Department of Mental Health and Developmental Disabilities. In 1986, the Illinois Legislature by unanimous vote established the first Self-Sufficiency Trust in the country [Illinois Revised Statutes Chapter 91 1/2, Sections 5-118 and 5-119]. Maine followed in the spring of 1987 (HP 331-L.D. 430). In both cases, the Self-Sufficiency Trust was seen as a major development in non-traditional estate and future care-planning which would replace the usual "catch 22" problems faced by families with a viable and comprehensive means to impact the present and plan for the future of the individual with disabilities.

HOW DOES THE TRUST WORK?

- * Two wholly separate pooled-income trust funds exist as part of the SST structure. Each of the two funds has a public sector or State Trust Fund by virtue of the public law enacted by each state.
- * A volunteer Board of Trustees is appointed from the private sector (parents and professionals) to manage and control the Private Trust Fund. The parent or family member who establishes a trust is called the Grantor, and his/her dependent is the Trust Beneficiary. The Grantor or his designee serves as Co-Trustee and shares in trust disbursement decisions.

- * The Private Trust Fund accepts, holds, and invests the "pooled" assets of each family participating in the SST. Although assets are comingled, all returns on investments are credited proportionately to each "private trust". Interest earnings on Private Trust Fund assets are transferred at the direction of the Trustees and the parents or guardian, who serve as Co-Trustee, to the counterpart State Trust Fund which immediately disburses the assets for the supplemental goods or services to be provided the Trust Beneficiary. The state's Mental Health Department may be designated to hold the State Trust Fund and these funds are generally disbursed by the state treasurer. Technically, funds disbursed from the State Trust Fund become "state" monies and are not viewed as earned or unearned income to the disabled Trust Beneficiary, therefore not affecting public entitlement eligibility under Supplementary Security Income (SSI) or Medicaid.

- * A segment of the trust fund controlled by the Board of Trustees is the Charitable Trust Fund. This fund is a repository to accept residual and donated assets earmarked for low-income and indigent persons with disabilities who are unable to participate in the Private Trust. This important part of the Self-Sufficiency Trust model is supported by:
 - 1) Assets left to the Charitable Trust Fund by grantors of private trusts at the death of the disabled beneficiary;
 - 2) Contributions from private donors, bequests, corporations or foundations;Earnings on the principal of the Charitable Trust Fund can be transferred to the State Trust Fund allowing participation of low-income and indigent disabled individuals in the concept.

- * A Life-Care Plan is developed for each Trust Beneficiary which embodies the wishes of the parent (Grantor) and defines the scope and nature of supplemental services to be provided the disabled individual. Trained Self-Sufficiency Trust counselors provide the direction for parents to develop a realistic and need-specific plan.

- * The Self-Sufficiency Trust computerized data base assesses each Trust Beneficiary's present functional abilities and service needs, projects future care requirements and correlates present and future costs based on existing residential per diem schedules. This process provides each family with a realistic projection of the principal necessary to provide a flow of interest income sufficient to fund the individual supplemental service Life-Care Plan.

This data collection system is also very important to the States.

- 1) Via the SST intake process, disabled persons of all ages who are not currently identified within the provider system may now be accounted for and identified by disability (type, severity), age, residential and day-mode program needs.
 - 2) The data generated will allow each state to more accurately plan for state services based on valid need. Appropriations may be sought using real statistics.
- * The universal concern of parents and families with disabled dependents, "who will care for my dependent when I am gone?", has been addressed by the Self-Sufficiency Trust. Personalized advocacy and successor guardianship services are an integral part of the Trust operation ensuring consistency and quality of care. In Illinois, PACT, Inc., a private and independent guardianship agency is under contract by the Board of Trustees to broker and monitor the supplemental services and ongoing care of Self-Sufficiency Trust Beneficiaries.

In total, the Self-Sufficiency Trust offers permanency and flexibility to adapt to changing governmental policies, estate planning and management expertise, security against loss of eligibility for public entitlement benefits, and peace of mind that concerned and knowledgeable professionals will ensure the quality personalized care that will be provided for your disabled dependent now and/or in the future.

HOW DOES PARTICIPATION AFFECT PUBLIC BENEFITS?

The Health Care Financing Authority (H.C.F.A.) of the Department of Health and Human Services, Washington, D.C. has ruled that in most cases Self-Sufficiency Trust principal and interest will not count in determining Medicaid eligibility.

Region V of the Social Security Administration has determined that, based on current regulations, the SST assets will not count as resources in determining eligibility under the Supplemental Security Income (SSI) program.

These two federally-funded entitlement programs are the primary sources of support to the disabled population.

TOTAL LIFE-CARE PLANNING OPTIONS

The Self-Sufficiency Trust creates incentives for a family to begin financial and care planning for their dependent who is disabled.

A Self-Sufficiency Trust permits families to:

1. Enhance services with family resources.
2. Help secure the quality of care they desire.
3. Help maintain continued quality of lifestyle after the family itself can no longer do so.
4. Enhance access to housing.

The Self-Sufficiency Trust enables the family to contribute assets -- savings, investments, real estate, insurance, etc. -- for the benefit of their relative who is disabled and others who have similar disabilities.

ADVOCACY CARE

Lifelong care and the quality of that care is a primary concern for all families with relatives who are disabled. Families naturally desire the assurance that their disabled relative receives all the services to which he or she is entitled. Families also want to improve the lifestyle of the disabled person by providing extras to meet individual personal needs, leisure-time activities, training, clinical services, and transportation.

Self-Sufficiency Trust participation can provide a disabled dependent enhanced care and a personal advocate, even after the death of a parent or guardian.

In Illinois, PACT, Inc. an experienced private surrogate family model organization which provides personal case management and guardianship services, is under contract to provide advocacy and successor guardianship service to Trust Beneficiaries when these services are requested by the Grantor. Families can contract with the Self-Sufficiency Trust and PACT, Inc. as a personal advocate and advisor to broker and monitor supplemental services and assure that programs are being properly provided to their relative with a disability.

RESIDENTIAL NEEDS

Another key component of the Self-Sufficiency Trust is that families can create housing alternatives through private efforts.

This may enable a family to overcome long waiting lists for existing facilities and permits location near the family's home.

Through this program, families not only help make a residential facility available, but also determine the quality of that residence.

Parents could provide the capital needed for purchasing a house. Where necessary, affiliates of the National Foundation for the Handicapped would negotiate with the appropriate state agency to determine the Trust portion and the state portion of funding the cost of care within existing state licensure and rate methodology guidelines. Contracts would also be negotiated with existing provider agencies to provide management for the residence.

STATEWIDE DATABASE

The Trust will collect information about individuals with disabilities and their current and future needs. This information will be compiled in the Disabled Population Profile System © and presented in a confidential manner to the Department of Mental Health and Developmental Disabilities, to allow the state to plan effectively for future needs.

In addition, a computer program has been developed which uses federal functional disability criteria to perform need-specific assessment of present and future residential configurations and their costs. Families may use this data in preparing an estate plan sufficient to generate the necessary annual income needed to purchase the supplemental services desired for the Trust participant.

FINANCING

Families can finance their participation in the Trust by making a transfer of cash or other assets, either immediately, over time as various services are initiated, or through a will. Life insurance provides another means for families to fund the program and to participate in the Trust.

SUMMARY

Program funding for people with disabilities becomes more difficult to obtain each year. This uncertainty threatens the stability of the state's provider network and concerns the families of individuals with disabilities.

Unmet housing needs for a significant portion of the disabled population is a widespread dilemma. Longer lifespans of people with disabilities and the aging of responsible family members increases anxieties concerning long-term care and future housing needs.

PRIVATE SECTOR

SELF-SUFFICIENCY TRUST

PUBLIC SECTOR

Governed by a Volunteer Board of Trustees Selected for individual commitment to and understanding of the needs of PEOPLE with DISABILITIES and THEIR FAMILIES.

- Appointed by the National Foundation for the Handicapped.

The Board of Trustees:

- Set policy for the operating of the Private and Charitable Trust Funds.

- Select and contract with Corporate Fiduciary Agent (Bank) to invest and manage all trust assets.

- Select and contract with a Social Service Agent to complete all necessary intake processes, including the development of each Life-Care Plan.

- Approve each Life-Care Plan and vote on participation of each family Trust/ Life-Care Plan.

- Use discretionary trustee powers in cooperation with the Special Trustee to modify or approve expenditures within the guidelines of each Life-Care Plan.

The Board of Trustees must comply with the TRUST and TRUSTEES ACT of Illinois (Ill. Rev. Stat. Ch. 17, Par. 1651-1690).

* 1986 passed into law of Public Act 04-1373 creating a mechanism to receive private trust assets to expand, enhance and supplement services for disabled eligible for services under the Illinois Department of Mental Health and Developmental Disabilities.

- Established Chapter 91 1/2 Sections 5-118 and 5-119 of the "Mental Health and Developmental Disabilities Code".

- Empowers the State Treasurer as ex-officio and custodian of the public sector fund.

- Provides for the Comptroller to direct payments from each account within the "fund" upon receipt of certified vouchers approved by the Director of DMH-DD.

- Requires DMH-DD to adopt rules and regulations for the administration of the public sector "fund".

- Monies shall be spent pursuant to existing department rules governing expenditures for services and based upon the individual trust agreements (Life-Care Plan) for each eligible beneficiary.

- If Director determines monies cannot be expended pursuant to department rules or service availability, funds and accrued interest will be returned to the beneficiary's Private Trust Fund.

** The receipt of monies from the Self-Sufficiency Trust (Private Fund) will not in any way reduce, impair or diminish the benefits each beneficiary would otherwise be entitled to under law.

*** Establishes a "Fund" for the Disabled to accept monies from any source which, subject to appropriations, will be used for services to low-income disabled eligible for DMH-DD services.

FINANCIAL PLANNING WHEN YOUR CHILD IS DISABLED

**THESE INSURANCE, TAX
AND ESTATE PLANNING
STRATEGIES WILL HELP
ASSURE THE FUTURE FOR
YOUR DISABLED CHILD.**

Families with disabled children face special challenges when arranging their finances. Any financial plan must cover day-to-day living expenses for the family as well as the long-term needs of a

child who may need to have individual care for a lifetime.

Thirteen-year-old Aaron Leaf of Minneapolis is such a child. He was born profoundly deaf and with numerous facial, spinal and internal problems that required extensive—and sometimes unexpected—medical and disability-related care. Aaron's needs for multiple operations strained the family income, so his parents took steps to set up a financial plan.

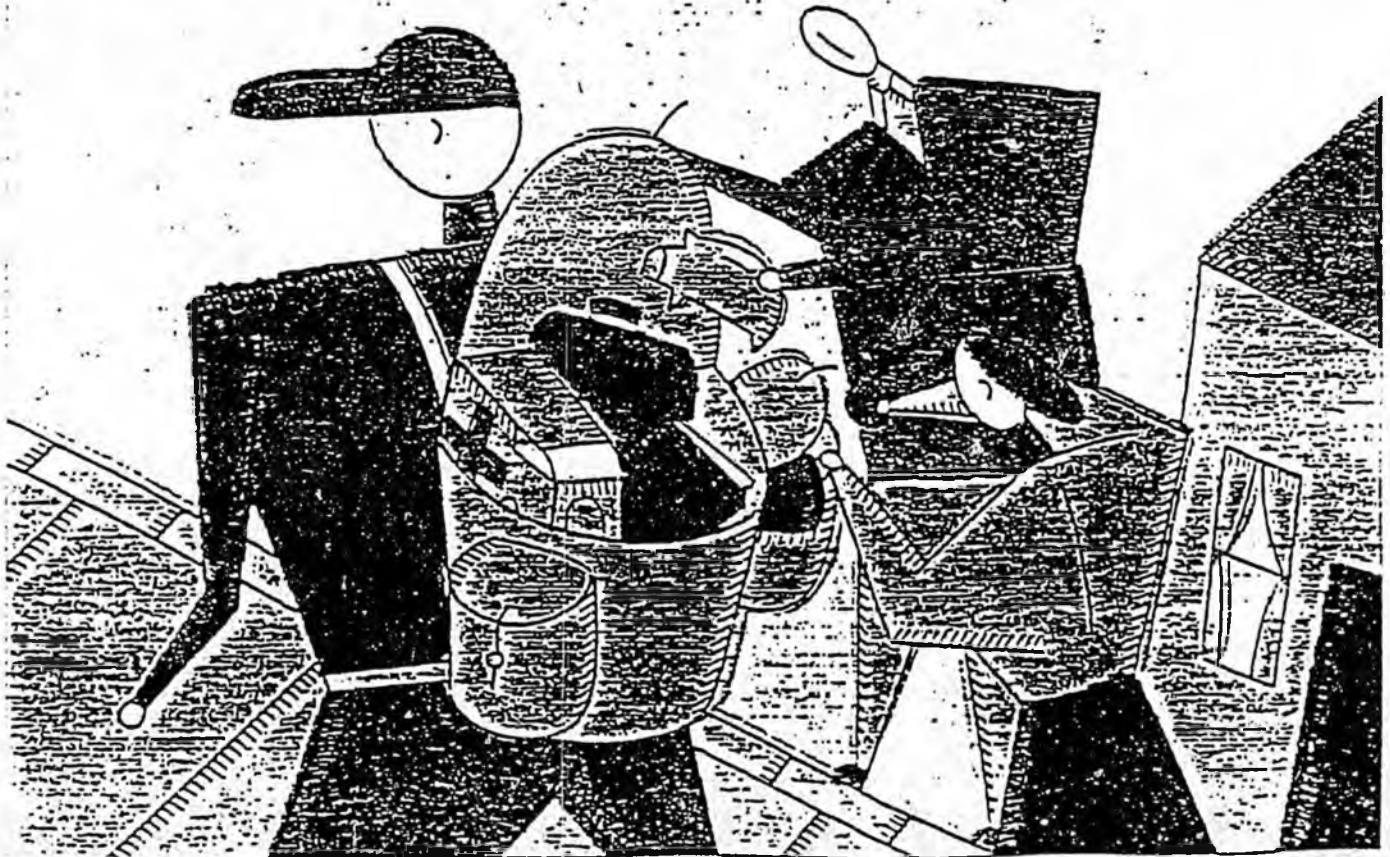
COVERING DAY-TO-DAY EXPENSES

Of course, no two family plans are exactly alike because each must take into account the severity of and prognosis for the child's disability as well as the family's financial resources. But a number of important issues are common to

all families with disabled children. **REVIEW YOUR INSURANCE.** Analyze what would happen to your income and cash flow under different scenarios. For example, if only one parent works outside the home, consider how you would manage if the breadwinner died or became disabled. When both parents work, what would happen if one income were cut off? Is your disability insurance or life insurance adequate to cover the loss?

Parents of a child with a handicap need more disability insurance than others. If you have a disability policy through your employer, it may only be tied to your base salary. Consider buying an additional policy to cover any overtime or bonuses.

Your life insurance needs will dif-



DISABLED CHILDREN

fer, too, because you may need to keep up higher life insurance coverage longer than other parents. Term insurance is a cost-effective way to build an insurance estate while you are young and healthy. For example, \$250,000 worth of term insurance for a 35-year-old man who does not smoke might cost around \$230 for the first year and about \$1,140 for the first five years' premiums. For a nonsmoking woman of the same age the premiums would be a bit less.

But term insurance premiums can get prohibitively expensive as you age. And unless your policy will be automatically renewed without checking your health, it may not be available when you need it most. A good rule of thumb, says Washington, D.C., insurance broker Andrew Gross, is to switch to a permanent type of insurance by age 50. Gross favors universal life insurance for each parent. Another possibility is a whole life policy with a last-to-die provision, which pays off when the surviving spouse dies. Insurance proceeds then go into a trust set up for the disabled child. With this type of insurance you may need an additional policy to cover the rest of the family if one parent dies.

Children who are born with disabilities are automatically covered under their parents' group health insurance policies. But coverage might not last indefinitely; typically it ends at age 19, or 22 for full-time students. Some group policies continue to cover permanently disabled children no matter how old they are, and some states require group carriers to extend such coverage beyond age 19. But you might lose coverage under some policies (and in some states) unless you notify the insurance company of the disability by that age.

A parent facing a job change should get assurances and a detailed explanation, in writing, of a child's coverage under the new employer's group health insurance policy. Often, if you join a new employer's medical plan within a certain number of days, all family members will be automatically covered. "Don't count on the disability being covered, though," says Rianne Leaf, Aaron's mother, whose search for information resulted in a career as a financial planner with IDS Financial Services in Minneapolis. "Some policies exclude preexisting conditions, which could mean your child would be covered for a broken leg but not his or her disability-related costs."

For those who cannot insure a

child any other way, there are special-risk insurers. Whether it would be worth the considerably higher costs would depend on your child's disability. As a last resort, more than a third of the states have a statewide insurance pool through which you can buy health insurance for a disabled child. Call your state insurance commissioner to find out if such a pool is available.



DEDUCTIBLE MEDICAL EXPENSES CAN INCLUDE THE FULL COST OF SOME STRUCTURAL CHANGES TO YOUR HOME, SUCH AS A RAMP, AND PART OF THE COST OF OTHERS, SUCH AS AN ELEVATOR FOR A CHILD WHO CAN'T CLIMB THE STAIRS.

BUILD AN EMERGENCY FUND. A good health insurance policy is a must, but it won't cover all your health costs. One family with a severely mentally retarded and physically handicapped son had to absorb more than \$4,000 of medical costs last year that their health insurance simply didn't cover.

You should create an emergency fund you can quickly convert to cash, recommend planning experts like CPA Bruce Shanker, a financial planner with the Wallace Financial Group in Bethesda, Md. Three months' expenses is adequate for most families, but those with a disabled child should strive for a six-month to a one-year nest egg.

Put the assets in safe, flexible or short-term investments, such as money-market and bond funds, certificates of deposit (divided among three-, six-

and nine-month maturities) and Treasury bills with 30-, 60- and 90-day maturities. You could also consider a conservative stock fund from which you can withdraw your money without penalty.

DOUBLE-CHECK STATE RESOURCES. Review the social services available through state agencies to ensure that your child is receiving the financial and therapeutic help he or she is entitled to. Families faced with a move to a new state through a job transfer, for example, should find out well in advance whether a child can get similar special services at the new location. Check whether the state will pick up as much of the cost as your current state.

GETTING THE IRS TO HELP

You can deduct only those medical expenses that exceed 7.5% of your adjusted gross income, but many other related expenses qualify. For example:

- ▶ the cost of special schooling;
- ▶ health insurance premiums;
- ▶ most of your travel expenses to hospitals, including any lodging (up to \$50 per day each for one parent and child), transportation and meals at medical facilities;
- ▶ and all mileage to and from doctors' offices and special-education facilities at 9 cents per mile (or the actual expenses of using your car, plus parking and tolls).

Schedule elective surgery, deductible equipment purchases and other tax-deductible expenditures in the same year whenever possible. Suggest to grandparents or others who want to help that they buy nondeductible items, such as a TV, so you can buy deductible items such as a TV caption decoder. And, of course, keep receipts and make meticulous records as you go along. The rules can change at any time. Leaf keeps receipts for everything that might be deductible and then sorts them out at tax time.

Your medical expenses can also include the full cost of certain structural changes to your home, such as widening doorways for wheelchairs, building ramps and installing bathroom grab bars. Others are generally deductible only to the extent that their costs exceed the increase in value of your home. For example, a \$6,000 elevator for a child who cannot climb stairs might increase the value of the home by \$3,500. You deduct \$2,500. Get a written recommendation from the child's doctor and before-and-after pho-

SOME PEOPLE THINK of the world of investing as a world that revolves around guesswork, where success comes only to those who play the right hunches at the right time.

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DISABLED CHILDREN

A Helping Hand

A growing number of private organizations will watch out for the child when the parents can't. Some are guardianship programs that serve as surrogate families; others are trust programs. And some provide both services. Typically, the family works out a detailed future-care plan with the help of the organization. If it's primarily a guardianship-type program, the family will contract for such services as monitoring living arrangements, serving as an advocate for the child and working with attorneys, guardians and trustees. A trust program will provide for supplemental services that will not jeopardize eligibility for government benefits.

- ▶ *Foundation for the Handicapped* (1350 West Armory Way, Suite 205, Seattle, Wash. 98119). Washington: disabled orphans or abandoned people.
- ▶ *National Continuity Program* (The Anchorage, 253 Riverside Ave., Westport, Conn. 06880). Connecticut, New Hampshire and California: all disabilities.
- ▶ *PACT Inc.* (166 W. Washington St., Suite 300, Chicago, Ill. 60602). Cook County and surrounding counties: all disabilities.
- ▶ *Permanent Planning* (2530 University Ave., Waterloo, Iowa 50701). Black Hawk County and surrounding counties: mentally retarded.
- ▶ *Planned Lifetime Assistance Network (PLANV)*—5001 W. Broad St., No. 2S, Richmond, Va. 23230). Virginia: all disabilities. *Planned Lifetime Assistance Network of Maryland-D.C.* (912 Thayer Ave., Suite 108, Silver Spring, Md. 20910). Maryland and the District of Columbia: mentally ill.
- ▶ *The Self Sufficiency Trust, National Foundation for the Handicapped* (340 W. Butterfield Road, Suite 3C, Elmhurst, Ill. 60126). Illinois: all disabilities.
- ▶ *Star Systems Consultation and Training* (1911 70th Ave., Philadelphia, Pa. 19126). Pennsylvania, New Jersey and Delaware, plus national referrals: all disabilities and elderly disabled.
- ▶ *Virginia Beach Community Trust* (Pembroke Six, Suite 213, Virginia Beach, Va. 23462). Virginia Beach: for developmentally disabled.

An excellent source of information on all relevant issues is *Alternatives: A Family Guide to Legal and Financial Planning for the Disabled*, by L. Mark Russell (First Publications Inc., P.O. Box 5072—Dept. TC, Evanston, Ill. 60204; \$18.95). Also available from First Publications is the *Parent Planning Guide* (\$10), an extensive checklist that helps you assess how well prepared you are.

praisals to defend any IRS challenge.

The dependent-care credit, also used for child care, is applicable as well. This credit against your income tax offsets up to \$2,400 in expenses for one dependent and \$4,800 for two or more. It applies to the cost of caring for a child, spouse or other disabled dependent while you work.

PLANNING FOR THE FUTURE

Estate planning is a minefield for people with disabled children. Qualifying for state or federal programs, such as Medicaid and supplemental security income, is a financial necessity for most. So a critical goal of estate planning is to protect eligibility.

You must also protect the financial resources you intend for your child. Many state programs expect the disabled person or whoever is responsible for that person to pay to the extent

possible. If your child has assets of his or her own from gifts or inheritance, those become the source of the so-called cost-of-care funds, leaving little or nothing for extras. Possibly even worse, your child could also lose his or her government benefits completely. Re-establishing eligibility once disqualifying assets are gone can mean months with no benefits.

You may not have to disturb your child to get around this problem, as many parents of disabled children fear. One of the most popular solutions is a trust that you set up during your life or in your will funded by some of your assets or by your life insurance proceeds. This "discretionary trust" names a trustee, who may be a relative, friend, lawyer, private guardianship program, a bank or trust company, or some combination. Most parents select at least one trustee who knows the

HYSTERECTOMY UPDATE

For years there was concern that many unnecessary hysterectomies were being performed. Then things seemed to improve: it appeared that physicians were becoming more conservative in recommending this surgery. But that may be only partly true. According to recent studies, the hysterectomy rate has dropped in some areas of the country—particularly the Northeast—but has remained high in other areas. In the Northeast, for example, the rate is only 5 per 1,000 women (only 2.3 per 1,000 in New York City), compared to 3 per 1,000 women in the South. The American College of Obstetricians and Gynecologists is currently studying which rea-



FAMILY DOCTOR



ALAN E. NOURSE, M.D.

Many of you have asked for details about the Illinois Self-Sufficiency Trust program mentioned in my August column. This project seeks to help families provide long-term care for disabled family members without reducing their eligibility for government aid. For more information write: The Self-Sufficiency Trust of Illinois, 240 West Butterfield Rd., Suite 3C, Eimnurst, Ill. 60126. Or you may call: (312) 941-3498 (for inquiries about the Illinois trust); (312) 832-9700 (for inquiries about projects in other states).

sons for hysterectomy are valid—uterine or cervical cancer, for example, or treatment of severe endometriosis. And which reasons—nonsymptomatic fibroid tumors or heavy menstrual bleeding—might better be treated by nonsurgical means. Meanwhile, it is wise (and sometimes necessary for insurance purposes) for a woman to obtain a second opinion before agreeing to the operation.

QUESTIONS FROM READERS

BIZARRE "DREAMS"

Recently, following gallbladder surgery, I hallucinated for four days. I have never had such an experience in my life. What could have caused it? Is there any way to prevent it if I need surgery in the future?



You were probably experiencing a reaction to the anesthetic or to some other pre-op or post-op medicine you were given. In any event, this is highly unusual; if you haven't done so already, you should report it directly to your surgeon, the anesthesiologist, and the hospital administration. In addition, you should obtain an accounting of all anesthesia and other

medications you were given during your procedure. Then you may need further information in the future, or you may want to get information in advance to avoid a recurrence.

EMBARRASSED SON

My 13-year-old son has a low-grade fever and needs his temperature taken twice a day. The doctor says rectal temps for accuracy. The boy says "no way." What can I do?

A 13-year-old boy might well object to his mother's taking his temperature rectally. But why can't he take and record it himself, in privacy? The major hurdle is to convince your son that accurate temps are really important—a job for you, the doctor, or both. (If he understands why, he won't cheat.) Then, the rest is just mechanics, which the doctor can explain.

AT RISK FOR POLIO

My mother is on chemotherapy for breast cancer. When my 18-month-old son had his oral polio vaccine, the doctor said that Mother shouldn't even visit our home for at least two months. Why?

The oral polio vaccine is made from although weakened, polio viruses. It works by giving the person inoculated a minor, controlled polio infection. Polio viruses are then shed from the nose, throat, bowel for about eight weeks, during which time other people can come in contact with them. Since your mother's immune system may not be working well due to the effects of her cancer and the chemotherapy for it, she may be at high risk of catching polio from the vaccine; thus your son sneezes. This doesn't happen often, but it can—and that's what your doctor is worried about.

SHAVING PROBLEM

Every time I shave my legs, I get a rash as well as infected hair follicles. Am I doing something wrong?

Possibly. Many women shave their legs in the shower or just afterward, without using any lubricant. You might try shaving with an antibacterial soap to reduce skin bacterial, then use a foaming shaving cream, rinsing, and drying thoroughly when you're finished. If that doesn't solve your problem, try shaving before your shower with an electric shaver, using a pre-electric-shave powder first. This may not result in as close a shave, but may not do as much damage either.

You may address questions on medical problems or treatment to Alan E. Nourse, M.D., GOOD HOUSEKEEPING, 359 Eighth Avenue, New York, N.Y. 10019. Only questions chosen for use in his column will be answered.



Winter 1989

Mental Health ADVOCATE

NEWSLETTER OF THE MENTAL HEALTH ASSOCIATION IN ILLINOIS, INC.

New Trust Offers Secure Future to DD Children

Parents of an autistic, schizophrenic, or mentally retarded child all share a common concern: providing their developmentally disabled child with continuity of care, treatment and personal advocacy in the event of their deaths.

Efforts to help parents of disabled children attain their long-term estate planning goals have been greatly aided by the passage of an Illinois state law. This law establishes a self-sufficiency trust fund in the public sector that will receive moneys from private sources.

The term "self-sufficiency trust" is used to describe a trust established by a non-profit association for the purpose of providing for the care, support or treatment of a disabled individual who would be eligible for services by the Department of Mental Health and Developmental Disabilities.

When it established the nation's first self-sufficiency trust fund in 1986, Illinois became a leader in removing obstacles that families have traditionally faced when financially planning for the care of their disabled child. Chapter 91 1/2, Sections 5-118 and

5-119 of the Illinois Revised Statutes. Public-sector funding for programs and services has steadily decreased and governmental support has also failed to keep pace with the growing costs and demands for the care of the disabled. At present, it appears that state and federal funding allow for only basic maintenance of the system of care in place. Minimal annual increases would provide cost of living adjustments at best, but would not cover sufficiently the expansion of needs.

Implementation of the state law began early in 1988 with the federal HCFA approval of a specific document called the Self-Sufficiency Trust Model. According to James DeOre, Executive Director of the National Foundation for the Handicapped and creator of the Self-Sufficiency Trust concept, the SST Model is unique in its structure and specific in its intent. The SST has found a way to make private-sector funds available to supplement the limited and often insufficient public dollars available to expand the service delivery system for disabled children. Historically, the disabled have faced loss of public entitlement support if inherited assets were made directly available to them. In addition, if trusts were established, they were potentially subject to invasion by government creditors who had provided services in the past. In some cases, disinheriting a disabled dependent and leaving instructions for that dependent's care with other beneficiaries seemed the only estate planning option available to parents.

Now, the SST offers another alternative and makes it easier for parents to actively finance supplemental care of their disabled child without disrupting Supplementary Security Income (SSI) and Medicaid benefits. The intent of the Self-Sufficiency Trust is to augment these federal sources and not supplant them, thus making new funds available to enhance the service delivery system and meet the special needs of the child who is disabled.

As a result of this new estate planning option, parents can now assess their disabled child's needs and then decide what supplemental services they want provided in the future. The services provided could be recreational, educational, social or even training programs to assist in managing activities of daily living.

The SST has found a way to make private-sector funds available to supplement the limited and often insufficient public dollars available to expand the service delivery system for disabled children.

Parents who are considering the Self-Sufficiency Trust for their disabled child can discuss programs and services with specially-trained advisors. As SST applicants, they can input into the unique Disabled Population Profile System. This specialized database

determines the dollar amount needed to provide the specific supplemental services that parents select for their disabled beneficiary. At this point, an attorney or financial planner could advise the family on ways to develop an estate or investment plan.

Thus, the self-sufficiency trust concept works by encouraging parents to determine the specific dollar amount that is necessary to generate a flow of income to pay for the supplemental services needed during the life of the disabled beneficiary. This is identified as the Life Care Plan. It allows parents to provide the quality of life that they have carefully determined is appropriate for their disabled child. DeOre points out that the SST's usefulness or benefits are individualized and based on the needs of the disabled beneficiary and the priorities of the family who is funding it.

Although the parents must have the principle necessary to fund their chosen priorities, the SST does not require a minimum dollar amount. The actual amount put in trust is proportional to the supplemental service priorities of the family involved.

In addition to supplying supplemental services to a disabled beneficiary, the SST is structured to act as an advocate for that beneficiary during his or her lifetime. DeOre states, "The SST incorporates fiduciary management and social service advocacy not traditionally found in trust structures

Continued on page 8

SST, cont. page 4

within banking institutions." The SST model also gives its Board of Trustees and contractual agents the capacity to assess the on-going quality of service delivery and to adapt to the changing needs of the disabled beneficiary.

The unique qualities of the self-sufficiency trust make it an estate-planning option worthy of investigation by parents of disabled dependents. The National Foundation for the Handicapped, developers of the SST model, are active in the implementation of the SST model nation-wide. Locally, the Board of Trustees of the Self-Sufficiency Trust have contracted with PACT, Inc., to implement the SST in Illinois. Families making contact with one of four PACT offices in Illinois will deal with counselors who assist in the application process and provide information about the SST.

Editor's Note: If you are interested in more information or wish to make an appointment to discuss the Self-Sufficiency Trust, please contact:

Self-Sufficiency Trust of Illinois
340 West Butterfield Road, Suite 3C
Elmhurst, IL 60126
(312) 941-3498

MODEL ACT

An Act to provide for a Self-Sufficiency Trust for the developmentally disabled, mentally ill and physically handicapped.

STATE OF _____

BE IT ENACTED by the People of the State of _____,
as follows:

SECTION 1: Sections 1, 2 and 3 are added to the _____
_____ (detail the State law section dealing with
the disabled), the added sections to read as follows:

- (A) CREATION. There is hereby created the Self-Sufficiency Trust Fund. The State Treasurer, ex officio, shall be custodian of the Trust Fund, and the Comptroller shall direct payments from the Trust Fund upon vouchers properly certified by the (Director or Commissioner) of (name appropriate state agency). The Treasurer shall credit interest on the Trust Fund to the Trust Fund, and the Director shall allocate such interest pro rata to the respective accounts of the named beneficiaries of the Trust Fund. For the purposes of this section, the term "self-sufficiency trust" means a trust created by a nonprofit corporation which is a 501-C-3 organization under the United States Internal Revenue Code of 1954 and which was organized under the Nonprofit Corporation Act, Chap. _____ Section _____ for the purpose of providing for the care, or treatment of one or more developmentally disabled, mentally ill or physically handicapped persons or persons otherwise eligible for department services.
- (B) RULES. The department shall adopt such rules and procedures under the _____ Administrative Procedures Act, Title _____, Chapter _____, as may be necessary or useful for the administration of the trust fund.

SECTION 2: ADMINISTRATION OF FUND

(A) NAMING BENEFICIARIES. The Department of (appropriate state agency) may accept money from a self-sufficiency trust for deposit in the trust fund pursuant to an agreement with the trust naming one or more beneficiaries who are developmentally disabled, mentally ill or physically handicapped persons or persons otherwise eligible for department services residing in this State and specifying the care, or treatment to be provided for them. The department shall maintain a separate account in the trust fund for each named beneficiary.

(B) CARE OF BENEFICIARIES. The money in these accounts shall be spent by the department, pursuant to its rules, only to provide care and treatment for the named beneficiaries in accordance with the terms of the agreement.

(C) RETURN OF MONEY. In the event that the director determines that the money in the account of a named beneficiary cannot be used for the care or treatment of the beneficiary in a manner consistent with the rules of the department and the agreement, or upon request of the self-sufficiency trust, the remaining money in that account, together with any accumulated interest on that account, shall be promptly returned to the self-sufficiency trust which deposited the money in the trust fund.

(D) OTHER BENEFITS NOT AFFECTED. The receipt by a beneficiary of money from the trust fund or of care or treatment pro-

vided with that money, shall not in any way reduce, impair or diminish the benefits to which the beneficiary is otherwise entitled by law.

SECTION 3: SPECIAL FUND

The fund for the disabled is created as a special fund from the State Treasury. The director may accept money from any source for deposit into the fund. The money in the fund shall be used by the department, subject to an appropriation, for the purpose of providing for the care, and treatment of low-income developmentally disabled, mentally ill and physically handicapped persons, or low-income persons otherwise eligible for department services, as defined by the department.



SELF-SUFFICIENCY TRUST
OF ILLINOIS

DISABLED POPULATION
PROFILE SYSTEM

DISABLED POPULATION PROFILE SYSTEM

OVERVIEW

There are two purposes for the Disabled Population Profile System:

- 1) It is the first step in forming a life-care plan for a disabled individual;
- 2) It is a planning tool which provides a system to collect information on the needs of the disabled population that are in need of services now and those needing services in the future. This information can be compiled state-wide and eventually nation-wide. Until now, there has been no successful system to accurately show these needs.

The service application will give the following information:

- 1) Parent demographic information;
- 2) Disabled person demographic information;
- 3) Functional disabilities of the disabled person - very basic "yes - no" function not an in-depth clinical review;
- 4) Scales for level determination - these scales will be used later to determine what level of residential care and day programming is needed by the disabled person. All costs associated with the level are also calculated (current year or future year costs). The system then takes these costs and produces an Income Earnings Projection which is the starting point for the financial planning for a parent for the needs of their son or daughter;
- 5) Current living arrangements and services;
- 6) Immediate needs of the disabled person;
- 7) Future needs - This is when the system takes the Life-Care needs, matches them to the level determination and costs for those needs, in any given year.

WHEN CAN I ENROLL IN THE SELF-SUFFICIENCY TRUST?

When it is time to deliver services under the Life Care Plan developed for your beneficiary who is disabled, you can enroll in and fund the Self-Sufficiency Trust (the "SST"). Depending upon your wishes, then, enrollment can occur currently, on a future set date, or at your death.

The Self-Sufficiency Trust has only two enrollment procedures. The first is for donors who desire services CURRENTLY; the second is for donors who desire services on a FUTURE SET DATE or AT THEIR DEATH.

CURRENT ENROLLMENT PROCEDURES

If the Life Care Plan for your beneficiary who is disabled has been completed and you have determined that services are to be purchased immediately, then your enrollment in the SST will be completed at once.

As you work with the SST Interviewers, your attorney and advisors, you will complete the Life Care Plan [which defines the services and the timing of their delivery to be provided to your disabled beneficiary], the Transfer Document [which is the agreement you sign with the SST], and the Appointment of Special Trustee [which gives you or your appointee a voice in the provision of services to your disabled beneficiary].

A summary of your file is then prepared for presentation to the Board of the Self-Sufficiency Trust. This file is identified only by the social security number of the disabled individual and contains a summary of the Life Care Plan, a verification of the financial projections, a verification that a Provider has been identified to provide services, and a verification that the Transfer Document and Appointment of Special Trustee have been executed by the donor.

If all these items are in order, the Board of Trustees will accept the enrollment pending funding. Immediately after that acceptance, the original Transfer Document and Appointment of Special Trustee are presented to the President of the Board for signature.

Now that enrollment has been approved, your file is returned to staff who will write to you giving instructions on how your funds are to be deposited into the SST. You will also be given copies of the fully signed Transfer Document and Appointment of Special Trustee.

When your funds are received and cleared, your enrollment is complete. Your disabled beneficiary becomes a Participant in the SST, and services will begin. Of course, we'll be interfacing with your Special Trustee as needed thereafter.

FUTURE/COMMITTED ENROLLMENT PROCEDURES

If you have completed the Life Care Plan for your beneficiary who is disabled and determined that services are to be purchased at a Future Set Date or after your death, then your enrollment will be completed at the future time. However, it is important to both of us that your enrollment be COMMITTED. This allows you to depend upon and plan for your enrollment, and it allows us to plan for the future of the SST and your beneficiary.

Enrollment for future services is accomplished through testamentary devices, primarily through your Will and/or through life insurance.

As you work with the SST Interviewers, your attorney and advisors, you will complete the Life Care Plan. Then, if you intend to fund the Trust through your Will, you will prepare a new Will which includes the paragraphs necessary to enroll in and transfer funds to the SST and to appoint a Special Trustee.

If you intend to fund the Trust through life insurance, you will make the Self-Sufficiency Trust of Illinois the beneficiary of your policy for the sum need to fund your Life Care Plan, and you will complete a Transfer Document and an Appointment of Special Trustee. As an alternative, you can flow the insurance proceeds through your estate and enroll in the SST through your Will, as discussed above.

We then ask that you give the SST a photocopy of your Will (just the pages that relate to the SST) and of your life insurance beneficiary designation with a letter stating that you intend to enroll your disabled beneficiary in the SST at a future time. This tells us that you are COMMITTED to enrollment in the SST.

Once we have all these documents, a summary of your file is prepared for presentation to the Board of the Self-Sufficiency Trust. This file is identified only by the social security number of the disabled individual and contains a summary of the Life Care Plan, a verification of the financial projections, and a verification that your financial/estate planning and documentation is in order so that future funding and enrollment can occur.

If all these items are in order, the Board of Trustees will recognize the enrollment pending future funding.

It is then necessary for us to meet annually to update your file and review the needs of your disabled beneficiary. This is very important we need to know that you are still committed to the SST so that we can plan for the time when your disabled beneficiary will need us. We will gladly accommodate these reviews via the telephone or mail if that is easier for you. [Please see the SST handout entitled UPDATE PROCEDURES].

At your death, we will work with your Executor and Special Trustee to complete enrollment as described in the first part of this handout.

If you make arrangements for this kind of testamentary enrollment and decide in future years that you want services to begin even though you are still alive, just arrange to meet with an SST Interviewer. The change can be easily accomplished and services begun at that time.

Suppose for a moment that you know now that you want services to begin on a SET FUTURE DATE --for example, if you want services to start when you retire in 1999-- the SST requires that you go through the testamentary enrollment procedure. Then if you die before 1999, your beneficiary is protected through your Will or life insurance. If you survive until 1999, we will arrange for immediate enrollment at that time.

As you learn about the Self-Sufficiency Trust of Illinois (the "SST"), you will see that the goal of the SST is to fund services to meet identified needs of individuals with disabilities for defined periods of time.

It is important that you clearly understand each element of this goal as you evaluate your own participation in the SST.

When you meet with the SST Interviewers, the goal of the meetings is mutually to define service needs and when the needs are likely to occur. During the first interview, you will complete the computer-based Disabled Population Profile System ("DPPS") by answering a variety of questions. These will range from identification information (such as name, address, social security number) to level-of-functioning information. You will be asked about a variety of services (such as residential, day programming, advocacy, and guardianship) and whether or not your disabled beneficiary will need these services. You will also be asked when you think these services should begin.

After your first interview, our computer will process your answers in a number of different ways, and we will begin to develop a Life Care Plan for the individual with disabilities.

From your identification answers, the DPPS will apply a geographic descriptor as formulated by Illinois Department of Mental Health and Developmental Disabilities ("DMH-DD").

From your level-of-functioning and program needs answers, the DPPS will identify the residential and day program setting appropriate to your disabled beneficiary within the program parameters established by DMH-DD.

From your service timing answers, the DPPS will determine the number of years each service is to be provided. In doing this, DPPS examines the current age of your disabled beneficiary and the date you want services to begin, and it factors in an average life span of eighty-one years.

Service cost information from DMH-DD, the Department of Rehabilitation Services, advocacy groups, guardianship services, and others are also accessed by the DPPS program.

Under the Mental Health Code of Illinois, the SST must make appropriate placement determinations when identifying services for individuals participating in the SST. All of our efforts are to this end, and you play a large part in our success by supplying complete and objective information about your beneficiary who is disabled.

At your second SST interview, we will review the computer-projected costs of various programs for your beneficiary who is disabled. All of these projections will be based upon the level-of-functioning information and start-up date which you provided in the first interview. If the information you have given us is inaccurate, then the projections may be inaccurate.

That's why we call them "projections". These figures give us both an estimate of the cost of services and allows you to begin financial planning.

Actual enrollment in the SST will take place only when services are to be delivered to the individual with disabilities. In all cases, a Provider of those services will be identified prior to enrollment. If applicable to the services to be supplied, the Provider will be asked to do a complete evaluation of your disabled beneficiary. If the results of this evaluation differ from the information you have given us, then there is the potential that the actual cost of services will differ from the projections.

Some donors are not interested in securing services under the SST right away. They may have minor beneficiaries or they may want to keep their adult beneficiaries home a few more years. In these cases, the donors might want to work with the SST and other SST donors in developing new housing for future occupancy, or the donors might wish simply to contact the SST in the future when they are ready for services. [Please see the SST handout entitled SELF-SUFFICIENCY TRUST RESIDENTIAL INITIATIVES.]

In many instances, the donors will want to use the SST to make plans for after their own death. In this event, we ask that a qualified third party make a level-of-functioning assessment, and based upon that evaluation we will cost out service as if it were to begin today. These figures can then be used by the donors to make estate plans and life insurance decisions. Each anniversary thereafter, the donors should meet with the SST Interviewer to update their file. At that time, the cost figures will be verified to reflect any significant changes in the condition of the beneficiary. The donors can then adjust their estate plans or life insurance beneficiary designations. [Please see the SST handout entitled ANNUAL UPDATE PROCEDURES.]

As you can see, you and your input are a vital part of the SST effort to fund services to meet the identified needs of your beneficiary with a disability for a defined period of time.

COMMITMENT TO EQUAL ACCESS

It is the commitment of the Board of Trustees of the Self-Sufficiency Trust of Illinois to offer equal access to all citizens of the State of Illinois to meet with Trust Interviewers.

INTAKE PROCESS FEES

All donors with a beneficiary who is disabled are encouraged to come in for one interview and enroll their beneficiary in the Disabled Population Profile System computer database. This information will be shared with the State of Illinois for planning purposes. Of course, confidentiality is strictly preserved.

Fee for one interview to enroll in the Disabled Population Profile System.....NO CHARGE

Families who wish to learn more about the Self-Sufficiency Trust may choose to come in for a second and third interview for this purpose. It is possible to complete all enrollment steps in these two interviews, however, remember that you are not obligated in any way and that you may discontinue the process at any time.

Fee for second and third interviews to evaluate and possibly enroll in the Self-Sufficiency Trust.....NO CHARGE
 Additional interviews: Cook and collar counties \$90.00 per hour
 All other counties..... \$60.00. per hour

TRUST MANAGEMENT FEE

After you have enrolled in the Self-Sufficiency Trust, the Trust charges a management fee of 1.4% (one and four-tenths percent) of annual principal and accrued interest to cover management costs.

Of this figure, 1% (one percent) is paid to the Self-Sufficiency Trust or its designated agent for account maintenance and administration. The remaining 0.4% (four-tenths percent) is paid to the bank for its management and investment of the Trust accounts.

UPDATE FEES

Families are encouraged to update their Disabled Population Profile System file in the event that there is a dramatic change in the condition or needs of their beneficiary who is disabled. In most instances this update can be handled through the mail.

Fee to Update the Disabled Population Profile System...NO CHARGE

UPDATE FEES Continued

Families who are enrolled in and receiving services from the Self-Sufficiency Trust who wish to augment those services are invited to meet with us. Remember that you are not obligated in any way and that you may discontinue the process at any time.

Fee to augment current services, two interviews.....NO CHARGE
Additional interviews: Cook and collar counties \$90.00 per hour
All other counties..... \$60.00 per hour

Families who have neither completed current enrollment nor committed to future enrollment in the the Self-Sufficiency Trust and who wish to update their financial projections or to modify their Life Care Plans are invited to do so.

Update fee for donors who are neither currently enrolled nor committed to future enrollment in the SST,
maximum of two interviews.....\$100.00
Additional interviews: Cook and collar counties \$90.00 per hour
All other counties..... \$60.00 per hour

FUTURE/COMMITTED ENROLLMENT UPDATE FEES

Families who have committed to future enrollment in the Self-Sufficiency Trust are entitled to a one-year Annual Membership which includes the "SST Newsletter" free of charge. After the first year, the Annual Membership will cost \$100.00 per year and, in addition to the newsletter, includes one one-hour conference to review accounts and keep records up to date. Additional conference time is billable as follows:
Cook and collar counties \$90.00 per hour
All other counties..... \$60.00 per hour

JOINT EMERGENCY SERVICES FUND

The Board of Trustees of the Self-Sufficiency Trust is empowered to levy a variable nominal fee against each participant's account to fund a pooled Joint Emergency Services Fund. This Fund is available to all participants on an emergency first come, first served basis in the event that an unexpected change in the participant's condition results in a greater need than originally funded by the individual trust account

NOTICE: THE FEES HEREIN MAY BE CHANGED BY RESOLUTION OF THE BOARD OF TRUSTEES OF THE SELF-SUFFICIENCY TRUST WITHOUT NOTICE OR OBLIGATION.

3. You should update your Disabled Population Profile System computer file and your financial projections annually if you are participating in the Self-Sufficiency Trust as a Future Committed Enrollment through your Will or Life Insurance.

You will be given new financial projections for cost of service based upon your beneficiary's age and condition, and upon your Life Care Plan at the time the projections are prepared. This information can then be used to update your Will and/or your Life Insurance Beneficiary designations.

There is an annual Membership Fee for donors participating in the Trust in this manner. Please see the handout entitled FEE INFORMATION.

HOW DO I UPDATE MY SST RECORDS?

It's simple. Just call your local office or agent for the Self-Sufficiency Trust of Illinois. If you want to update your DPPS file only, chances are we will be able to do it through the mail. If you want to update your DPPS file and review new financial projections, then we will schedule a mutually convenient time to meet and discuss the necessary revisions.

Self-Sufficiency Trust of Illinois
Elmhurst Headquarters Telephone: 312/941-3498
Springfield Office: 217/744-9208

Chicago Agent: PACT, Inc. 312/641-6363

Aurora Agent: Association for Individual Development
312/892-1199

WHO IS ELIGIBLE TO PARTICIPATE?

To be eligible to participate in the Self-Sufficiency Trust of Illinois, an individual must meet two criteria.

First, the individual must be developmentally disabled or otherwise entitled to receive services from the Illinois Department of Mental Health and Developmental Disabilities.

Second, the individual beneficiary of the Trust account must reside in the State of Illinois. There is no requirement that the Donor(s) live in Illinois.

[See: Illinois Revised Statutes Chapter 91 1/2, Section 5-118.]

ARE THERE OTHER LIMITATIONS ON WHO CAN PARTICIPATE?

There are no other legal restrictions. However there are some practical considerations.

One of the primary goals of the Self-Sufficiency Trust of Illinois is to preserve entitlements received by an individual who is handicapped.

The Health Care Financing Administration (H.C.F.A) has stated that the Self-Sufficiency Trust of Illinois will not jeopardize Medicaid benefits in all but the following instances. Medicaid benefits would be jeopardized if the Trust account is set up by the disabled individual or his/her spouse using the disabled person or the spouse's funds. Medicaid benefits would also be jeopardized if a guardian or legal representative set up a Trust account for a disabled individual using funds that are the property of the disabled person.

Although individuals falling in these categories are eligible under Illinois law to participate in the Self-Sufficiency Trust, it might not be a wise financial decision to do so.

[See: Letter of January 6, 1988, from the Health Care Financing Administration to the National Foundation for the Handicapped, reprinted in the Appendices of the Illinois Self-Sufficiency Trust ATTORNEY HANDBOOK.]

WHAT ABOUT BENEFITS PAID BY SOCIAL SECURITY?

The Regional Commissioner of the Social Security Administration has determined that, based on current regulations, Self-Sufficiency Trust Assets will not count as resources in determining eligibility under the Supplemental Security Income (SSI) program.

[See: Letter of June 29, 1987, from the Office of the Regional Commissioner, Social Security Administration to Daniels and Sheen; counsel for the National Foundation for the Handicapped, reprinted in the Appendices of the Illinois Self-Sufficiency Trust ATTORNEY HANDBOOK.]

Alaska State Legislature



SENATOR JIM DUNCAN

P. O. BOX V JUNEAU, ALASKA 99811-3100
(907) 465-4766

COMMITTEES:
FINANCE
VICE CHAIR —
HEALTH EDUCATION
& SOCIAL SERVICES
BUDGET & AUDIT
BANKING &
ECONOMIC
DEVELOPMENT

TO: REPRESENTATIVE JOHNNY ELLIS
CHAIR
HOUSE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

FROM: SENATOR ~~JIM DUNCAN~~

REGARDS: SB 50

DATE: APRIL 10, 1990

I WOULD APPRECIATE THE EARLIEST POSSIBLE HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE HEARING FOR SENATE BILL 50.

SENATE BILL 50 WILL ESTABLISH WHAT IS KNOWN AS A "SELF SUFFICIENCY TRUST" TO BE PAID FOR BY PARENTS OF DISABLED DEPENDENTS, MINORS OR ADULTS. CURRENTLY, PARENTS OF SUCH DEPENDENTS ARE NOT ABLE TO ESTABLISH TRUST FUNDS TO PROVIDE FOR THE CURRENT OR FUTURE CARE OF THEIR CHILDREN WITHOUT JEOPARDIZING THAT DEPENDENT'S ELIGIBILITY FOR GOVERNMENT MEANS TESTED ENTITLEMENT FUNDS.

THE STATE OF ILLINOIS WAS THE FIRST STATE TO ESTABLISH A SELF SUFFICIENCY TRUST PROGRAM FOR ITS RESIDENTS IN 1986. THE PROGRAM WAS DESIGNED AND IS MAINTAINED BY A PRIVATE SECTOR BOARD OF TRUSTEES APPOINTED BY THE NATIONAL FOUNDATION FOR THE HANDICAPPED. THEIR MAINTENANCE EFFORTS INCLUDE INSURING THE PROGRAM DESIGN CONTINUES TO RETAIN CLIENT ELIGIBILITY FOR FEDERAL BENEFITS.

THE SELF SUFFICIENCY TRUST IS A PRIVATE SECTOR INITIATIVE ADMINISTERED BY A BOARD OF TRUSTEES IN COOPERATION WITH A NONPROFIT CORPORATION WHICH ESTABLISHES LIFE CARE PLANS TO ADDRESS THE LIFETIME NEEDS OF EACH PERSON WITH DISABILITIES. THE NONPROFIT AGENCY WOULD, WORKING IN CONJUNCTION WITH THE PARENTS, DESIGN SERVICES TO AUGMENT THOSE PROVIDED TO THE CHILD BY SOCIAL SERVICES AGENCIES AND DETERMINE THE COST OF PROVIDING THOSE SERVICES.

A LIFE CARE PLAN DELINEATES THE PRIORITIES FOR SUPPLEMENTAL SERVICES TO BE FUNDED BY THE INDIVIDUAL PRIVATE SELF SUFFICIENCY TRUST. THE TRUST CAN BE FUNDED EITHER BY TESTAMENTARY PROVISIONS OR AS A LIVING TRUST WHILE THE PARENTS ARE STILL ALIVE, OR A COMBINATION OF BOTH METHODS.

THE PRIMARY FOCUS OF THE PROGRAM IS OUTSIDE STATE GOVERNMENT, BUT THE DIVISION OF MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES IN

THE DEPARTMENT OF HEALTH AND SOCIAL SERVICES WOULD BE RESPONSIBLE FOR ISSUING VOUCHERS TO PAY THE CLAIMS CERTIFIED BY THE NONPROFIT FOR PAYMENT. THE FUNDS FOR THAT PAYMENT WOULD BE TRANSFERRED FROM THE PRIVATE TRUST TO THE STATE TREASURY. THE INTENT IS THAT THE STATE PROVIDE THE ADMINISTRATIVE STRUCTURE FOR BILL PAYMENT WITHOUT ADDING TO THE STAFFING LEVEL OF THE DEPARTMENT.

IN ADDITION TO THE INDIVIDUAL PRIVATE TRUSTS ESTABLISHED BY THE PARENTS OF DISABLED CHILDREN, A CHARITABLE TRUST IS ALSO ESTABLISHED WHICH CONSISTS OF ASSETS LEFT TO THE CHARITABLE TRUST BY GRANTORS OF PRIVATE TRUSTS AT THE DEATH OF THE DISABLED BENEFICIARIES IN ADDITION TO CONTRIBUTIONS FROM PRIVATE DONORS, AND BEQUESTS FROM CORPORATIONS OR FOUNDATIONS. THESE FUNDS WOULD BE USED TO AUGMENT SUPPLEMENTAL SERVICES PROVIDED TO LOW INCOME AND INDIGENT PERSONS WITH DISABILITIES WHO ARE UNABLE TO PARTICIPATE IN THE PRIVATE TRUST. THE EARNINGS FROM THE CHARITABLE FUND ARE TO BE USED SUBJECT TO APPROPRIATIONS TO ENHANCE AND EXPAND SERVICES TO THE DISABLED OVER AND ABOVE WHAT STATE AND FEDERAL SOURCES PROVIDE.

THE SELF SUFFICIENCY TRUST CREATES AND ADDITIONAL NON-STATE SOURCE OF MONEY TO PROVIDE FOR THE NEEDS OF PEOPLE WITH DISABILITIES AND ENABLES PARENTS TO PLAN FOR THEIR DISABLED DEPENDENTS' FUTURES WITH CERTAINTY THAT THEIR WISHES WILL BE CARRIED OUT.

I WOULD REQUEST THAT A TELECONFERENCE BE ARRANGED WITH MR. PAUL MEDLIN OF THE NATIONAL FOUNDATION FOR THE HANDICAPPED WHO WILL BE AVAILABLE TO TESTIFY ON THIS LEGISLATION. MY OFFICE WILL BE AVAILABLE TO ASSIST YOU IN CONTACTING MR. MEDLIN.

YOUR CONSIDERATION OF THIS REQUEST IS MOST APPRECIATED.

STATE HEALTH REPORTS

MENTAL HEALTH, ALCOHOLISM, & DRUG ABUSE

Intergovernmental Health
Policy Project

In This Issue: o System Integration o Self-Sufficiency Trusts

No. 46 March 1989

States Look At System Integration

Spurred by reports documenting fragmentation of services, a shortage of community residential programs, an over-reliance on inpatient care, and gaps in community support services, state lawmakers have come to recognize major changes are needed in the way mental health services are organized and delivered.

At least three states (Washington, Pennsylvania, Kansas) are considering proposals that would significantly alter the delivery of mental health services. A fourth state (Montana) is planning to develop a proposal to reorganize their mental health system. The common thread in all of these initiatives is "decentralization" -- transferring authority, accountability and responsibility for providing a range of community and inpatient treatment and rehabilitation services from the state to local agencies. It reflects a shift from state control to greater participation by local governments and usually involves a redistribution of funds directly to communities for community and inpatient services. Among several states that have already moved in this direction are Wisconsin, Ohio and Virginia.

Washington. After a year of study and evaluation, the state of Washington is considering a proposal to revamp its mental health system (SHB 1876). A recent report to the legislature documents a shortage of residences for mentally ill individuals and describes the current administration and delivery of mental health services as fragmented and overly focused on providing expensive inpatient acute care. It also reports on current national trends

and models of integrated, community-based mental health systems, which have assisted in stabilizing state hospital populations and provided incentives for the development of community residential options.

Consistent with these national trends, testimony from several public hearings indicated that counties, mental health providers, consumers, and advocates wanted to design and participate in an integrated, decentralized, community-based delivery system that provides the entire continuum of care.

Based on the testimony, the report recommends that the authority and responsibility for delivering mental health services be decentralized to the local communities, along with adequate funds to expand residential facilities and supports.

Early versions of the bill would have vested almost total authority at the local level for state hospital and community-based services. As it stands now, however, the bill has been modified somewhat, giving counties some but not all authority for public mental health services. As of this writing, it is proceeding through the legislative process with the possibility of more amendments.

HB 1876 attempts to pool the various mental health funds into block grants to counties and authorizes the formation of 10 or fewer regions of counties, called Regional Support Networks (RSNs). The bill calls for assumption of the block grant by regional networks according to

HB 2016, drafted by the Special Committee, would transfer responsibility for both inpatient and outpatient mental health services to the counties. The committee emphasized in its report that it is responding to the federal mandate of PL 99-660, the State Comprehensive Mental Health Services Planning Act, which requires states to establish community-based systems of care, including case management services for chronically mentally ill individuals.

Under the proposal, effective February 1991, each county or group of counties would be mandated to establish a mental health authority responsible for providing an array of services to the chronically mentally ill. These services would be provided either directly or indirectly by the local authority. All court ordered commitments would be made to county mental health authorities rather than to state hospitals. The counties would make the determination as to where patients would be placed.

County authorities would act as "gate-keepers" by screening all admissions to state hospitals and assuring those denied admission would receive appropriate services in the community. In addition, the counties would assist in discharge planning by making sure patients receive necessary support services in the community.

HB 2016 would establish a pilot program in one state catchment area by February, 1990 to test the proposed system. The goal would be to reduce the size of one state hospital by one ward, or approximately 35 beds. Additional

funds would be provided to the counties in the pilot area to finance the additional services required.

The bill also mandates that community support services be provided in all counties and specifies adult chronically mentally ill individuals as the priority population. As of this writing, no firm appropriation has been attached to the bill.

The measure has been assigned to the House Appropriations Committee, where a special subcommittee has been appointed to study it further. Because there has been negative reaction to the bill from various agencies and organizations in the state, the special subcommittee is now considering alternative proposals addressing different methods of financing and service provision.

Montana. Although there was talk among providers, advocates and some legislators to revise the organization and funding of the state mental health system this year, the issue is now being examined in the long-range planning process. Montana's new draft mental health plan for FY 1990-93 contains an objective stating that a proposal will be developed to restructure the mental health system through the mental health system planning process. The proposal which must be completed by October 1990, in time for consideration by the 1991 legislative session, will include increased incentives for serving people locally and mechanisms for local (CMHC) decision making on appropriate services for adults with severe mental illness.

Financing Issues: Self-Sufficiency Trusts

An innovative idea in estate planning, established first in the state of Illinois, removes the complications that have traditionally stymied effective estate planning efforts by parents with disabled children. The Self-Sufficiency Trust ("SST") is the first trust of its kind to provide a mechanism to facilitate the coordination and integration of private family financing for individuals with disabilities while maintaining their eligibility for government entitlement programs. As a truly private sector initiative, the SST makes possible the flow of private monies into the state's network of publicly-sponsored programs to supplement, enhance and expand services to all disabled residents.

Conceived in Illinois, the "SST" evolved from research by the National Foundation for the Handicapped under the direction of James H. DeOre. Funded in part by the Illinois Department of Mental Health, the "SST" was enacted into law (P.A. 84-1373) by a unanimous vote of the Illinois Legislature in September 1986. Maine is the only other state to enact such legislation but this year eight states (Alaska, Indiana, Kansas, Massachusetts, Michigan, Montana, New York, Oregon) have introduced model "SST" legislation, and twelve others have expressed interest and are in various stages of pre-legislative review. Legislation with similar goals, has also been introduced in Missouri.

though technicalities of the trust deviate from the Illinois model.

The SST is an irrevocable, "pooled-income trust" with spendthrift and discretionary trust language and clearly defined "charitable" and "private" trust provisions. Its structure and benefits are uniquely designed to facilitate active parental financing of supplemental care of the disabled without disruption of SSI and Medicaid.

Two wholly separate pooled-income trust funds make up the structure of the SST. The first, a Private Trust Fund, accepts, holds, and invests the "pooled" assets of each participating family. Although assets are commingled, all returns on investments are credited proportionately to the private trust. Interest earned on the private trust is transferred to the counterpart State Trust Fund, which immediately disburses the assets for supplemental goods or services that are to be provided. Because monies technically become State Trust Fund monies, they are not viewed as earned or unearned income to the disabled beneficiary, therefore do not affect entitlement eligibility.

Monies may also be disbursed to non-profit vendors such as advocacy groups or human service providers who will monitor the status and condition of the designated beneficiary. This service provision sets the SST apart from generic trusts devoid of life-care monitoring.

A second fund controlled by the Board of Trustees is the Charitable Fund. This fund is a repository to accept residual and donated assets earmarked for low-income and indigent persons with disabilities who are unable to participate in the Private Trust. Upon the death of the beneficiary, 50 percent of the residual principal of each private trust is donated to the Charitable Fund. The fund is also financed by donations.

A Volunteer Board of Trustees is appointed from the private sector to manage and control the Private and Charitable Trust Funds. Parents or family members serve as co-trustees and share in decisions concerning disbursements. A Life-Care Plan developed for each participant embodies the wishes of the parent and defines the intent and nature of supplemental services

that will be provided to the beneficiary. Trained Self-Sufficiency Trust Advisors provide direction for parents to develop a realistic and need-specific plan. A Life-Care Planning Service Survey helps families target the services they want and reinforces areas that the SST is unable to finance.

SST fund monies may be spent for social services, recreational programs, rehabilitation services, educational services, rehabilitation and remedial services and training programs to assist in managing activities of daily living. The major restriction on the SST is that the dollars cannot be used to meet the same needs as those intended to be met through available public assistance programs.

The Self-Sufficiency Trust concept evolved from the realistic acknowledgement that a state's capacity to provide these services is diminished by increased demand, the changing economic climate and national policies. The SST embodies the search for alternative service capabilities and the generation of resources necessary to provide them in the future.

The National Foundation for the Handicapped's goal is to see the SST available in all 50 states, allowing transferability and universal benefits for all disabled individuals. The potential benefit of a nationwide trust network is economy of scale, resulting in trust management savings, larger principal investment and return and, most importantly, a stronger private sector (parent and family) voice in services and financing of those services for the disabled.

For states, the advantages are: new sources of private funds to expand services; a computerized data collection system to identify type and scope of services; potentially reduced dependence on federal support; and a private-public partnership that actively involves each working toward improved and expanded services for disabled people. For the families, the trust fund gives them the peace-of-mind that their loved ones will be adequately cared for when they are not able to do so. *[This feature was prepared from excerpts of previous articles written by Paul L. Medlin, Senior Vice President for Corporate Development, National Foundation for the Handicapped, Elmhurst, Illinois 312-832-0700.]*

PRIVATE SECTOR

SELF-SUFFICIENCY TRUST

PUBLIC SECTOR

Governed by a Volunteer Board of Trustees Selected for Individual commitment to and understanding of the needs of PEOPLE with DISABILITIES and THEIR FAMILIES.

Appointed by the National Foundation for the Handicapped.

The Board of Trustees:

Set policy for the operating of the Private and Charitable Trust Funds.

Select and contract with Corporate Fiduciary Agent (Bank) to invest and manage all trust assets.

Select and contract with a Social Service Agent to complete all necessary intake processes, including the development of each Life-Care Plan.

Approve each Life-Care Plan and vote on participation of each family Trust/ Life-Care Plan.

Use discretionary trustee powers in cooperation with the Special Trustee to modify or approve expenditures within the guidelines of each Life Care Plan.

The Board of Trustees must comply with the TRUST and TRUSTEES ACT of Illinois (Ill. Rev. Stat. Ch. 17, Par. 1651-1690).

* 1986 passed into law of Public Act 81-1373 creating a mechanism to receive private trust assets to expand, enhance and supplement services for disabled eligible for services under the Illinois Department of Mental Health and Developmental Disabilities.

- Established Chapter 91 1/2 Sections 5-110 and 5-119 of the "Mental Health and Developmental Disabilities Code".

- Empowers the State Treasurer as ex-officio and custodian of the public sector fund.

- Provides for the Comptroller to direct payments from each account within the "fund" upon receipt of certified vouchers approved by the Director of DMH DD.

- Requires DMH DD to adopt rules and regulations for the administration of the public sector "fund".

- Monies shall be spent pursuant to existing department rules governing expenditures for services and based upon the individual trust agreements (Life-Care Plan) for each eligible beneficiary.

- If Director determines monies cannot be expended pursuant to department rules or service availability, funds and accrued interest will be returned to the beneficiary's Private Trust Fund.

** The receipt of monies from the Self-Sufficiency Trust (Private Fund) will not in any way reduce, impair or diminish the benefits each beneficiary would otherwise be entitled to under law.

*** Establishes a "Fund" for the Disabled to accept monies from any source which, subject to appropriations, will be used for services to low-income disabled eligible for DMH-DD services.

SELF-SUFFICIENCY TRUST
Supplemental Service Funding Process

