



MEMORANDUM

To: Members of the ABLE Task force
From: Omar Masood
Date: January 6, 2017
Re: Update on ABLE

In October of last year, the ABLE Task Force (Task Force) made a set of recommendations to the Plans Management Board (Board) to defer a determination of an implementation path for ABLE in Delaware until the April meeting of the Board (i.e., roughly six months.) The recommendations included a request that the Office of the State Treasurer (OST) continue to monitor the national rollout of ABLE plans by other states and undertake additional research to determine the size of the ABLE eligible population in Delaware. OST was to report back to the Task Force at calendar 2016 year end and again in early March. This memo constitutes the first such update.

I. ABLE Marketplace Update

The Task Force's rationale for allowing an additional six months to pass before making an ABLE determination for Delaware appears to be validated based on the pace of developments in just the first three months. As anticipated, many new state programs have been launched, all implementation paths have been adopted and more plan changes are anticipated in the first quarter. The marketplace is essentially much more robust with many options for Delaware to consider when the Task Force reconvenes in March.

Program Launches: Number of ABLE Programs Double; Implementation Paths Vary

As anticipated, the pace of ABLE program launches accelerated to close 2016, with each of Michigan, Oregon and Virginia offering their own plans. In addition, the much anticipated Consortium will fully launch its offering this month, adding thirteen states to the list of ABLE sponsors. (Note that two of the Consortium members did a soft launch of their programs in December for tax purposes.) Finally, each of Kentucky and Alabama contracted with a host state for their own ABLE offering—from Ohio and Nebraska, respectively.

These new program launches bring the total number of states offering (or in the process of offering) ABLE to twenty-three (23). When combined with the three states that have indicated that they will not offer an ABLE program (or simply undertake a "concierge"/facilitator role), the percentage of states that have made an ABLE determination now rests at just over 50%.

With Kentucky and Alabama electing to contract out for ABLE, all implementation paths studied by the Task Force are now represented by at least two states. As the attached table illustrates:

State Implementation Decisions

Will Have Own Plan	Joined the IL Consortium	Contracting Out Model	Facilitator Model	Do Nothing
OH, TN, NE, FL, MI, OR, VA, WA	AZ, AK, MT, IL, PA, NJ, MN, IA, KS, MO, NC, RI, NV	AL, KY	ND, SD	WI
Considering: CA, TX	Considering: CT, MD, CA, TX, IN, VT	Considering: GA, CT, MD, OK	Considering: UT	Considering: GA

Other Notable State Program Activity

In addition to actual launches, two large states, California and Texas, issued ABLE-related RFPs (the former for a consultant and the latter for program services.) It is believed that Texas issued its RFP to compare a potential Texas plan with existing plans before making a decision on whether to have its own offering. California also has not made a decision on an implementation path but appears primed to launch a program with national reach later this year. Finally, neighboring state, Maryland, has solicited other states for references for an ABLE consultant to aid in its implementation decision and narrowed implementation paths under consideration to contracting out or joining the consortium.

Participant and Asset Numbers Remain Small

Despite the flurry of ABLE plan launches, both the number of participants and asset numbers remain small for existing programs. Data available at the beginning of December revealed approximately 3,000 accounts in the five states that reported such data. (This is up from the roughly 2,000 accounts reported by four states at mid-September.) The story is similar in terms of assets under management. Of the four states that reported these numbers, there were approximately \$6 million of assets under management (this is an increase from \$3.75 million reported by three states in September.) While both of these figures are trending upward, they are doing so at a slow pace.

Albeit the first ABLE program launched only six months ago, low engagement rates raise questions concerning the level of interest in ABLE. For instance, the state of Florida, which launched its program on July 1, now has 510 accounts. Given that Florida’s population is almost 21 times larger than Delaware’s (and Florida’s plan is limited to Floridians) that number scaled to Delaware is 23. Two general reasons cited for the slow up-take of ABLE are: (i) people are waiting for their home state to act; and (ii) awareness of ABLE remains low. These theories will take several more months, if not the better part of calendar 2017 to prove out.

II. Delaware ABLÉ Eligible Population Update

Little work has been done since the last memo to gather additional information on Delaware's ABLÉ eligible population and potential participation rates. OST is planning on using the January 25 LIFE Conference as a catalyst to kick off an intensive 30-day effort to build out data on Delaware's disability networks and members and assess the demand for ABLÉ from such populations. Currently, OST estimates that approximately 5% of Delawareans are eligible to participate in ABLÉ. Assessing likely participation rates remains challenging as no good data exists. A survey unveiled at the LIFE conference may better inform what potential participant pool exists in Delaware. In all likelihood, however, the Task Force will be required to make implementation recommendations without good data on participation rates.

Data from other states also remains limited and inconclusive state efforts in gathering participation data appear to have stalled, presumably due to the vendor interest that has emerged and the elimination of the home state rule which nationalized the market. States launching programs with little up front capital have limited downside in putting a program in place. Moreover, national reach of state programs makes polling of individual state populations less meaningful.

It is unlikely that new participation and eligibility data will be generated by states or other players in the coming months. While Delaware survey data may prove helpful we caution that surveys in other states yielded wildly optimistic results. Actual ABLÉ program enrollment figures can serve as a guidepost but their value is diminished by the infancy of these programs as it is unclear whether low enrollment figures preview the future or are lagging initial numbers that will rise dramatically when the market matures.

III. Conclusion

The last three months have brought a whirlwind of activity regarding ABLÉ and the next three months will bring further significant developments. The information gathered by OST during that period should provide the Task Force members with sufficient but imperfect data to make an informed decision regarding Delaware's ABLÉ implementation path.

To that end, OST's next memo will address additional program launches since the date of this memo and will detail program terms for the then existing plans. The memo also will include an update on any material federal activity related to ABLÉ. In addition, the next memo will focus on fleshing out Delaware's ABLÉ-eligible population and make forecasts of Delaware's enrollment rate based on other state programs. Per the recommendation of the Task Force, OST will participate in the LIFE Conference on January 25, 2017, and will use that event as a spring board to network with other groups and more aggressively survey attendees regarding interest in ABLÉ.