State Alternative Financing Programs – a Source of Low-Cost Loans to Fund AT for Individuals with Disabilities

Many states operate some kind of assistive technology (AT) or equipment loan financing program, offering low- or reduced interest rate loans to persons with disabilities who meet the criteria of the program. These loan programs often become a source of funding for AT when no other source of funding exists. In some cases the loan program is able to extend credit or arrange for credit when the individual with a disability or their family would not ordinarily meet the standards of creditworthiness.

Alternative Financing Programs (AFPs): Although there were several different federal funding streams to start loan programs, they are usually collectively referred to as “Alternative Financing Programs.” Currently, 36 states have an AFP. See website for the Rehabilitation Engineering and Assistive Technology Society of North America’s (RESNA’s) Catalyst Project at: http://resnaprojects.org/afp/infocenter/index.html (and links on that page for more information).

Typical way these programs operate: Generally there are three separate structures for an AFP: a revolving loan, a loan guarantee, or an interest buy-down. Some programs will offer one or two of these methods, some all three. Some key aspects of the loan programs may include the following:

- **Dollar limits for loans.** Most programs have a lower, and in some cases, an upper dollar limit. These are typically much higher or lower than available commercially.

- **Interest rates.** These will vary from a 0 percent rate to an 8 percent rate. Many offer interest rates below the federal prime lending rate.

- **Term for repayment.** This is typically in a range of 2 to 7 years, but some programs offer a longer repayment period for home equity loans.

- **Credit worthiness issues.** Although the loan programs will want to have reasonable assurance that loans will be repaid, unlike traditional lenders some loan programs will offer loans to individuals without a good credit rating.

Some of the more common items purchased with loan funds: These include many items that are not easily funded through traditional funding sources, such as Medicaid, private insurance, or special education programs. In some cases another funding source will pay up to a funding limit or subject to a copayment, and an AFP loan can be used to pay for the balance. Next to each of these common categories for loans we provide one or more examples of a non-loan funding source.
• **Transportation-related, including vehicle modifications** – Keep in mind that your state vocational rehabilitation (VR) agency can fund vehicle modifications to support a work goal.

• **Computers and costs associated with computer access** - For example, the I-Pad and similar devices have become popular items to fund through a loan program. Here again, the state VR program could fund these costs if related to a work goal.

• **Mobility equipment, including wheelchairs and scooters** – These items can often be funded through Medicaid, Medicare, or a private insurance plan. There may be a significant copayment with Medicare or private insurance.

• **Equipment for daily living, such as a bathroom modification or an environmental control unit** - If the item in question is considered outside the scope of traditional Medicaid a Medicaid waiver program, if available, may be able to pick up this cost. Waiver programs, however, typically have dollar limits on what they will pay for each year making an AFP loan an attractive supplement.

• **Hearing aids, vision aids** – Medicaid may be a funding source. While you should always consider Medicare as a source of funding, hearing aids are excluded under the Medicare program and are excluded by some private insurance plans as well.

A state AFP can be a tremendous source of funding for AT where no funding is readily available. Some have even used the AFP loan to pay for vocationally related items, not available through the state VR agency but which are written into an approved SSI Plan for Achieving Self Support (PASS). The money to be set aside in the PASS is then later used to pay off the loan after the individual has already purchased and received the equipment. For more information on the PASS, see our Summer 2006 issue of the *AT Advocate* newsletter at [http://www.nls.org/Disability/NationalAssistiveTechnologyProject/ATAdvocateNewsletter/s/ATAdvocateSpringSummer2006](http://www.nls.org/Disability/NationalAssistiveTechnologyProject/ATAdvocateNewsletter/s/ATAdvocateSpringSummer2006) (including an example of how the PASS and an AFP loan can be used together).

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