

## Special Needs Trusts as Part of MassHealth Planning

June 23, 2026 | Christine M. Boutin, Elizabeth V. Newton | Articles

For older parents who have adult children with disabilities, the wish is often to ensure that their children will always be able to enjoy life to the fullest. Parents worry about how to continue to financially support their children with disabilities and enable them to lead comfortable lives long after the parents are gone. Often, the child receives much-needed public benefits such as SSI (Supplemental Security Income) and MassHealth, for which eligibility is based on the child having low income or assets.

While such public benefit programs help to meet basic living expenses, they do not provide for quality-of-life expenses, such as vacations, electronics, a car, etc. If parents choose to leave an inheritance to their child to pay for these extra expenses, they need to plan carefully so that the inheritance does not cause the child to lose SSI and MassHealth due to asset or income increases.

Preparation of a supplemental needs trust is the answer. There are two types of these trusts: first-party and third-party. For parents of a child with disabilities, a third-party supplemental needs trust is a necessary part of their estate plan. The trust can be revocable or irrevocable, depending on the circumstances. The beneficiary of the parents' will and/or their trust will be the trustee of the child's supplemental needs trust, not the child individually. Therefore, the inheritance to the trust is not counted as belonging to the child and the public benefits are unaffected.

If you are a senior needing to apply for MassHealth to pay for your nursing home care, you have a countable asset limit of \$2,000 to financially qualify. While MassHealth has strict rules about how to spend down to \$2,000, any excess assets can be allowably transferred to a disabled child's irrevocable first-party supplemental needs trust, enabling the senior to financially qualify for MassHealth long-term care benefits quickly.



### Related Services

[Elder Law](#)

[Estate Planning](#)

[Special Needs and Disability Planning](#)

For both trusts, the trust funds can be spent by the trustee on goods or services that improve the quality of the child's life. The trustee is generally advised not to distribute trust funds to the child but instead to pay third party vendors or service providers directly to ensure that the child's public benefits are not impacted.

Be aware that there is a payback to MassHealth at the child's death if there are funds remaining in the first-party supplemental needs trust for reimbursement of amounts MassHealth paid for the child's care. There is no MassHealth payback from the third-party supplemental needs trust.