

Qualified Income Trust Information Packet

This information is intended to be educational and is not legal advice. Persons that need legal advice or information on Qualified Income Trusts (QITs) are encouraged to consult an attorney.

This packet was developed for individuals desiring institutional care or home and community-based services whose income may exceed the Medicaid eligibility limit. Such Individuals may need to establish a Qualified Income Trust (QIT), also known as a Miller Trust, to be eligible for Medicaid coverage for the aforementioned services.

Establishing a QIT is generally a three-step process:

- 1) You must establish a valid QIT document or instrument that complies with the requirements.
- 2) You must setup a bank account which will be the trust account.
- 3) Each month you must transfer all or part of the income into the QIT account so that Medicaid can exclude the income in determining eligibility.

Who needs a QIT?

People who receive Medicaid Long-Term Care services and who income over the Medicaid limit are required to deposit their **EXCESS** income into a Qualified Income Trust (QIT) if they want to be eligible for Medicaid coverage and services. The Qualified Income Trust applies to people enrolled in Ohio's Medicaid waiver programs as well.

In 2024, if your countable income is over the \$2,829.00 per month, you will need a QIT. This amount, known as the Special Income Limit, is subject to change annually.

What are examples of countable income?

1. **Gross** unearned income – This would be Social Security, Pension, Disability, Worker's compensation, and VA Benefits. Contact the agency if any of your VA compensation is from or includes Aid and Attendance.
2. **Gross** Earned Income – Wages from taxable employment.
3. **Net** Self-Employment Income – If you run your own business, are an independent contractor, or a 1099 employee.
4. **Net** Rental Income.

Gross Income is the amount of income before any taxes or deductions are taken out.

Net Income is the amount that you receive after expenses are deducted.

Trust Document

To Qualify as a valid QIT, the trust document must have the following characteristics:

- 1) The Trust must be irrevocable.
- 2) Only the individual's income can be placed into the QIT.
- 3) The source(s) of income placed into the QIT must be identified.
- 4) The individual must receive his income in his own account and then transfer excess income to the QIT account. However, Direct Deposit of the income into the QIT account is acceptable.
- 5) No property or resources, except for any interest earned on the trust corpus, can be placed into the QIT.
- 6) The Trust Document must provide that the trust shall terminate upon the death of the primary beneficiary (Medicaid applicant), at which point the remaining trust property shall be disbursed to the Ohio Department of Medicaid or its successor up to an amount equal to the total medical assistance paid on behalf of the primary beneficiary. The trustee is prohibited from repaying other persons or creditors prior to this distribution.

The Template provided by the Ohio Department of Medicaid meets these requirements. A Trust is a legal document with legal consequences, it is recommended that you consult with an attorney.

Trust Bank Account

Once you have signed and date a valid QIT document that meets the requirements, you must set up a financial account for the trust. A trust account is a bank (or other financial institution) account used to deposit the income from the sources listed in the QIT. The trust account can only contain income, and not the client's resources. Therefore, the bank account must be used only to deposit the income from sources listed in the QIT.

The Certification of Trust should be used to setup the QIT account. The full trust documents should not be necessary to open the account.

The following information will help the bank establish the account:

- 1) Trust Account should be established with the Medicaid recipient's Social Security Number.
- 2) The trust should be titled as the "Qualified Income Trust of [Medicaid Recipient]".
- 3) The Trust account must only contain income. It cannot contain property or other resources.

- 4) Some Financial institutions may require a small deposit at initial funding. It is best to deposit the amount of your **GROSS** monthly income that is greater than \$2,829.00 (2024 Special Income Limit) into the trust account monthly. Plan to deposit income monthly to the QIT account.

Please note the Special Income Limit mentioned above is subject to change each year. Please check with your local County Job and Family Services office for the new amount to adjust the deposit amount for the trust.

Use of the Trust Bank Account

The following are acceptable uses for the funds deposited into the Trust Bank Account:

- 1) Monthly personal needs allowance for the primary beneficiary.
- 2) A maintenance allowance for the spouse, if any, and a maintenance allowance for dependent family members, if applicable. An allowance for dependent family members is not applicable if the client has a spouse.
- 3) Healthcare Costs for the primary beneficiary.
- 4) Administration fees, Attorney fees and other expenses required to establish and administer the trust up to \$15.00. If fifteen dollars is insufficient to cover the cost to administer the trust, the individual can request that the payment amount be increased. Requests must be submitted to and approved by the Ohio Department of Medicaid.

The income must be used by the end of the calendar month in which the deposit was made. For example, if a deposit of \$500.00 was made on March 16th the funds would have to be used by March 31st. If not, the amount must carry over from month to month. Withdrawing more money than what was deposited may result in penalties for the recipient.

A QIT cannot be used like a personal bank account. All deposits and payments from this account need to be tracked and recorded. The agency will ask for 12 months of the Trust account statements and verification of all withdraws/payments at your annual renewal

Maintaining Eligibility

Maintain your QIT by depositing at least the amount of your **GROSS** monthly income that is over \$2,829.00 (2024 Special Income Limit) each month. Your countable monthly income as described on page five minus the special income limit is the amount you should place in the trust each month. If your income varies, the amount you deposit into the trust monthly may change. You are required to provide proof that the excess **GROSS** monthly income has been deposited each month at your annual renewal. Failure to maintain the trust may result in loss of

Medicaid eligibility. In addition to maintaining the QIT, you must continue to meet all other Medicaid Eligibility criteria to remain eligible for Medicaid.

How do I determine the amount that needs deposited into the QIT Account?

Step 1: Determine your countable income.

Step 2: subtract the Medicaid Special Income Limit of \$2,829 (2024)

Step 3: Deposit at least that amount into the QIT account **monthly**.

This deposit amount is subject to change depending on changes to income received and annual updates to the Special Income Limit. This is to serve as an estimate and the actual deposit amount will be determined by your local county Agency

Step 1:

Earned Income from employment (GROSS Amount): \$ _____

Circle one: Weekly / Bi-weekly / Twice a month / Monthly

Self-Employment Income: \$ _____

Circle one: Weekly / Bi-weekly / Twice a month / Monthly

Rental Income: \$ _____

Social Security Income: \$ _____

SSI: \$ _____

Veteran's Benefits: \$ _____

Company / Private Retirement / Pensions: \$ _____

Railroad Retirement / Black Lung Benefits: \$ _____

Alimony / Child Support: \$ _____

Disability / Sick Benefits / Unemployment compensation: \$ _____

Dividends / Interest: \$ _____

Total Gross Income: \$ _____

Step 2: Add all expenses.

Self-Employment Expenses: \$ _____

Rental Income Expenses: \$ _____

Total Expense Amount: \$ _____

Step 3: Subtract Expense from Income:

Income: \$ _____

Expenses: \$ _____

Total: \$ _____

Step 4: Subtract Medicaid Special Income Limit

Total from Step 3: \$ _____

Medicaid Special Income Limit: - \$2,829.00

Total monthly QIT Deposit amount: \$ _____