

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 Qualifying Income Trust (QIT), also known as a Miller trust, in order to be eligible for Medicaid coverage for the aforementioned services.

Establishing a QIT is generally a three-step process. First, you must establish a valid QIT document or instrument that complies with the requirements. Second, you must set up a bank account which will be the trust account. Finally, each month you must transfer all or part of the income into the QIT account so Medicaid can exclude the income in determining eligibility.

Who Needs a QIT?

In 2024, if your income is more than \$2,829 per month, you will need a QIT. If your gross income is not more than \$2,829 you do not need to establish a QIT to obtain or maintain eligibility in 2024. The income level where you will need a QIT will change annually.

Types of income counted include:

1. Gross unearned income (such as social security, pension, and worker's compensation),
2. Gross earned income (wages),
3. Net self-employment income, or
4. Net rental income.

Gross income means income before any deductions that happen before the individual receives the income. Examples of these deductions would be income taxes or payment of Medicare premiums. Net income means income after accounting for deductions and expenses that resulted in that income.

Trust Document

The first step in establishing a valid QIT is to draft an appropriate trust document that complies with the requirements. To set up a QIT, you may use this packet as a guide, as well as the Ohio Department of Medicaid approved template.

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.
5. No other 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, at which point the remaining trust property shall be distributed 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 QIT template provided by the Ohio Department of Medicaid meets these requirements. However, because a trust document is a legal document with legal consequences, it is a good idea to consult an attorney.

Trust Bank Account

Once you have signed and dated 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, such as a credit union) account used to deposit the income from the sources listed in the QIT. The trust account must contain only income, and cannot contain resources. Therefore, the bank account must be used only to deposit the income from the sources listed in the QIT.

The Certification of Trust should be used to set up the QIT account. The full trust document should not be necessary to open an account.

The following information will help the bank establish the account:

1. The 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 the Medicaid recipient.
3. The trust account must contain only income. It cannot contain other property.
4. Some financial institutions may require a small deposit as initial funding. However, it is best to deposit the amount of your monthly income that is greater than \$2,829 (2024) into the trust account monthly. Make arrangements to deposit income on a monthly basis to the QIT account.

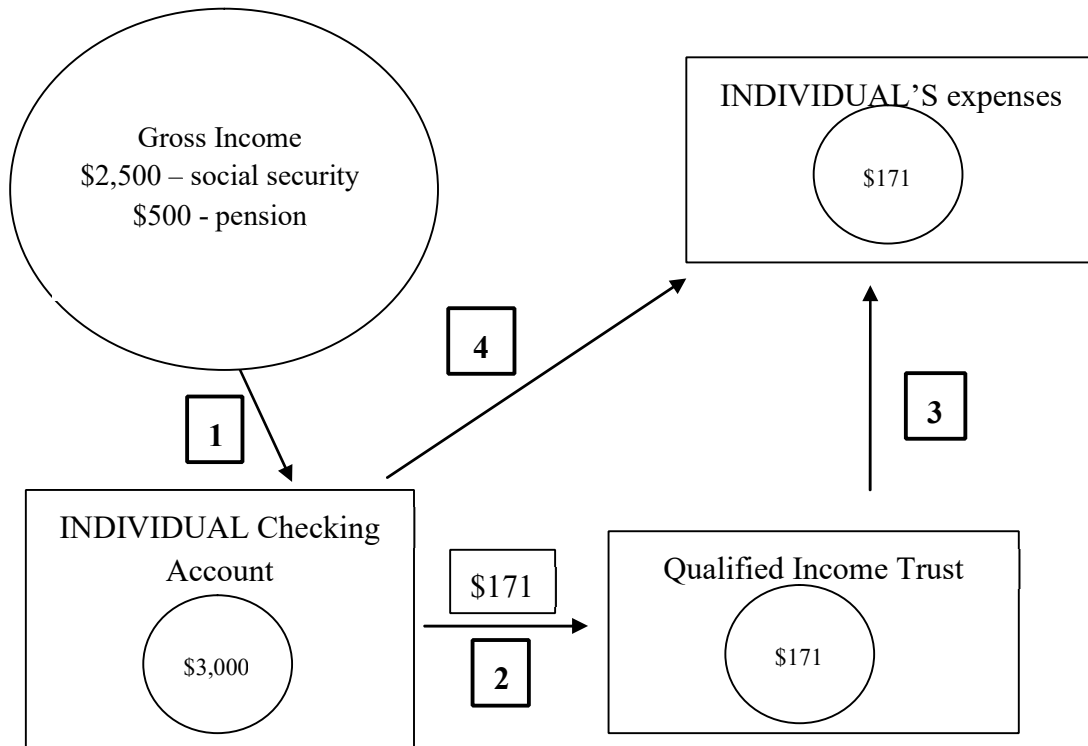
Maintaining eligibility

Maintain your QIT by depositing at least the amount of your monthly income that is over \$2,829 (2024) each month. Your countable monthly income as described on page 1 minus \$2,829 equals the amount you should place in the trust each month. If your income varies the amount you deposit into the trust on a monthly basis may change. You will be required at your annual redetermination to provide proof that monthly income in excess of the special income limit has been deposited into the QIT. Failure to maintain the trust may result of 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.

QIT Diagram

The following diagram is an example of how QITs work:

INDIVIDUAL'S income is \$3,000 and is income in-eligible because her income exceeds \$2,829. INDIVIDUAL can be income-eligible by creating a (QIT).



1. INDIVIDUAL receives her income in her checking account each month.
2. At least \$171 of INDIVIDUAL'S income is transferred to the QIT account each month. The check should be payable to TRUSTEE NAME, Trustee.
3. This amount will then be used to pay INDIVIDUAL'S medical expenses and care. The TRUSTEE will write checks from the QIT to pay for INDIVIDUAL'S care each month.
4. The balance owed for INDIVIDUAL'S remaining expenses will come from her personal checking account.

These steps need to be taken each month that she receives Medicaid benefits. Although the result is the same (INDIVIDUAL'S income is used to pay her expenses), the transfer to the QIT each month makes INDIVIDUAL income-eligible for Medicaid.