NJ FamilyCare
Qualified Income Trust (QIT)
Frequently Asked Questions (FAQs)
October 1, 2014

1. What is a Qualified Income Trust (QIT)?

A Qualified Income Trust (QIT), also known as a Miller Trust, allows an individual to become eligible for Medicaid Managed Long Term Services and Supports (MLTSS) by placing income into a separate bank account each month. The QIT involves a written trust agreement, setting up the special bank account and depositing income into the account. QITs also have special conditions that must be met and are subject to the approval of and monitoring by the appropriate Medicaid eligibility determining agency.

2. What does a QIT do?

When an individual's monthly income above 300% of the SSI Federal Benefit Rate (FBR), is placed in a QIT, that income is not counted when determining financial eligibility for Medicaid. In 2014, 300% of the FBR is $2,163 a month. These individuals must meet all other aspects of Medicaid eligibility such as meeting an institutional level of care.
A QIT may be used by individuals living in a nursing facility, an assisted living facility or in their home.

3. What changes have been made to the Medicaid eligibility process due to the use of QITs?

After the date of inception, a QIT will be required for individuals if their income exceeds $2,163 per month, resources cannot exceed $2,000 for an individual. As of that date, the Medically Needy program will no longer cover nursing facility services. The QIT gives Medicaid the ability to disregard income that is deposited into the QIT to meet income eligibility. All other eligibility requirements, including but not limited to, transfer of assets, level of care, citizenship and residency will remain the same.

4. What if I am currently living in a nursing home and am receiving nursing facility benefits under the Medically Needy program?

Individuals who were receiving benefits through the Medically Needy program prior to the QIT effective date will be permitted to maintain their coverage under the Medically Needy rules and will not have to set up a QIT. However, if they have a change in living arrangements (moving from a nursing facility to an assisted living or into the community) or fail to qualify through the Medically Needy program rules, they can no longer use the Medically Needy rules to retain eligibility. In order to obtain Medicaid Only coverage to ensure continued benefits, they must establish and fund a QIT and spend down their resources to $2,000. Please contact your county eligibility determining agency for more details to begin this process.

5. **What if I am living in a Nursing Facility and am eligible for Medicaid through the Medically Needy program because my income is above $2,163 per month and I am interested in moving to an assisted living facility, will my Medicaid coverage continue after I move?**

The Medically Needy program has never been available to individuals who live in an assisted living facility or who are receiving home based services. Therefore, your eligibility under Medically Needy rules would not continue. However, if you establish and fund a QIT and spend down your resources to $2,000 before you move to the new facility, you may be eligible for Medicaid Only. Please contact your county eligibility determining agency before you move to ensure your continuity of benefits.

6. **What are the special conditions that a QIT must meet?**

- A QIT must contain only income of the individual deposited in the month it is received
- A QIT cannot contain resources such as the proceeds from the sale of real or personal property or money from a savings account
- A QIT must be irrevocable
- A QIT must have a trustee to manage the administration of the Trust and expenditures from the Trust as set forth in federal and state law
- New Jersey must be the first beneficiary of all remaining funds up to the amount paid for Medicaid benefits upon the death of the Medicaid recipient
- Income deposited in the QIT can only be used as defined by the Post-eligibility Treatment of Income rules and to pay for the cost share

7. **What types of income are allowed to be deposited in a QIT?**

Income such as but not limited to an individual’s own Social Security income, pension, and rental income can be deposited into the QIT in the month that it is received. You can direct all or some of your income to the QIT but all of the income from any one source must be redirected. For example, an individual with monthly Social Security income of $874 and a monthly pension of $1,500 would be over the income limit (total income of $2,374 is greater than $2,163). Either the Social Security income or the monthly pension, or both, can be deposited into a QIT and the individual would be under the income cap. The applicant cannot direct half of the pension into the trust.

8. My spouse and I always share a bank account to pay our monthly bills with. Can we put both of our incomes in the QIT in order to pay out our bills?

The community spouse's funds cannot be placed in the QIT. The money given to the community spouse through the post-eligibility treatment of income by the trustee can be deposited into the community spouse's own account in order to be used to pay monthly bills.

9. What types of deposits <u>are not</u> allowed in a QIT?

QITs are solely for income received by the Medicaid beneficiary. Resources cannot be put in a QIT. Resources include things like cash, funds from the sale of real or personal property or a savings or investment account. Deposits from a spouse or any other person's income or resources are not allowed.

10. Who can establish a QIT on behalf of the beneficiary (serve as the settlor)?

- The beneficiary
- The beneficiary's legal guardian
- The beneficiary's Power of Attorney agent

11. Do I need a lawyer to establish a QIT?

The Division of Medical Assistance and Health Services (DMAHS) will be posting a QIT template and Frequently Asked Questions (FAQs) on their website that may be used by individuals. QITs may be established for an individual by a lawyer.

12. Can legal fees and administrative fees be used as post-eligibility deductions for QITs?

No, legal and administrative fees are not allowable post-eligibility deductions.

13. Where do I pay the cost share?

Cost share, also known as Patient Pay Liability (PPL), will be paid to the facilities where individuals reside (Nursing Facility or Assisted Living) or to the Division of Medical Assistance and Health Services (DMAHS) if they reside in their own homes.

14. What is the Personal Responsibility (PR) form?

The Personal Responsibility (PR) form is created through a web based program used by the eligibility determining agencies. It calculates what an individual's post-eligibility payment responsibilities will be and their Patient Pay Liability (PPL). The Personal Responsibility (PR) form has three different categories which represent an individual's living arrangement; a PR-1 is for a Nursing Facility; a PR-2 is for an Assisted Living Facility and a PR-3 is for Home Based living. A new form must be created whenever an individual has a change in circumstances such as an increase or decrease in income or if they change their living arrangement. All changes in circumstances must be reported to the appropriate eligibility determining agency when they occur as required on the Medicaid application.

15. Will the Patient Pay Liability (PPL) and approved deductions on the Personal Responsibility (PR) form be calculated after eligibility is effective and when will those expenses begin to be required payments?

The Patient Pay Liability (PPL) is determined after eligibility is established through the Personal Responsibility (PR) form. A copy is provided to the individual or their authorized representative by the eligibility determining agency. The individual will need to make sure the trustee gets a copy of the Personal Responsibility (PR) form if the trustee is not their authorized representative. The expenses will begin to be required payments in the month that eligibility is established.

16. **Will there be a process for authorizing uncovered state approved medical expenses?**

Yes, the process for authorizing uncovered state approved medical expenses is that the individual must submit a valid physician's prescription and receipts for all items purchased. An example of these expenses may include, but are not limited to, over the counter medications. These expenses may then be deducted from the post-eligibility treatment of income on the Personal Responsibility (PR) form and it will reduce an individual's Patient Pay Liability (PPL).

17. Who can be a trustee?

New Jersey law governs who can be a trustee. See N.J.S.A. 3B:11-4 et seq.