



State of New Jersey

DEPARTMENT OF HUMAN SERVICES

DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES

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Memo to New Jersey Banks Regarding Qualified Income Trusts

In December of 2014, New Jersey’s Medicaid program, administered by the New Jersey Department of Human Services, Division of Medical Assistance and Health Services (Division) implemented a financial eligibility policy that allows higher income persons seeking long-term care services and supports, who cannot afford the private cost of such care, to place income that is above the allowable Medicaid income limit into a Qualified Income Trust (QIT). See 42 U.S.C. 1396p(d)(4)(B) (also known as a “Miller Trust” from the case Miller v. Ibarra, 746 F. Supp. 19 (D. Colo. 1990)). These QIT accounts are used in a number of states nationwide that allow this type of Medicaid eligibility where monthly income is first placed in the QIT and then paid toward care and other approved expenses. The income that is placed in the QIT will not be considered for the financial eligibility determination. The income deposited each month into the QIT must then be paid out each month for the Medicaid beneficiary’s specified post-eligibility expenses, consistent with their eligibility determination (payment amounts are specified on each individual’s Personal Responsibility form).

Additional information on QITs can be found on the State’s website at: <http://www.state.nj.us/humanservices/dmahs/clients/mtrusts.html>.

Due to the nature of a QIT, generally almost all income deposited into the QIT every month will be depleted at the end of each month. An initial amount up to \$20 can be deposited to open a QIT bank account, if needed. After that, only income belonging to the QIT beneficiary can be deposited into the QIT bank account every month. Generally, an account with no minimum deposit and balance requirements and very limited monthly fees would best serve these individuals who require these accounts in order to be Medicaid eligible.

A QIT is established **with the Trust beneficiary’s Social Security Number**. An EIN, which is required for some other trust types, is not required for a Qualified Income Trust. Banks can verify this information at: http://www.irs.gov/irm/part21/irm_21-007-013r-cont02.html where the below content is provided:

IF	THEN
The trust is a Miller type trust	Do not assign an EIN. Instead, inform the trustee that he/she must: <ul style="list-style-type: none"> • Use the SSN of the beneficiary or trustee to report trust activities, and • Provide information such as the SSN, BOD, closing month of accounting year, principal activity, and the market to which they sell their product or services, if not already provided on Form SS-4 under Treasury Regulation 301.6109-1(d)(2). Note: Miller Trusts are treated as grantor trusts under IRC § 671.

The individual, their Power of Attorney, legal guardian or conservator can act on behalf of the individual, consistent with New Jersey law, to establish a QIT. **If a Power of Attorney document grants general authority to handle the financial or health care affairs of an individual, this should be sufficient to allow the Power of Attorney to establish a QIT for that individual.**

If the Trust beneficiary is residing in a nursing home or assisted living facility, it may be convenient for the trustee to be able to have certain monthly expenses paid electronically to that facility each month. The trustee can make these arrangements with the bank, depending on the circumstances.

Important information for banks to ensure QIT account accuracy:

- 1) An initial amount up to \$20 can be deposited to open a Qualified Income Trust bank account, if needed. Monthly fees should always be less than \$20 per month.
- 2) The QIT bank account must be a checking account that allows the trustee to (1) make monthly income deposits to the account and (2) pay monthly expenses with the account funds. Due to the nature of the QIT almost all funds deposited into the QIT will be depleted at the end of each month.
- 3) An example of how to title a QIT bank account is: “The Jane Doe Irrevocable Qualified Income Trust Account, John Smith, Trustee”.

QIT Frequently Asked Questions are located on the Division’s website at: http://www.state.nj.us/humanservices/dmahs/clients/QIT_FAQs.pdf.

Additional questions may be sent to MAHS.QIT@dhs.state.nj.us and responses will be added to a list of Frequently Asked Questions (FAQs) located on the Medicaid agency’s website. Please be aware email is not a secure method of communication. Do not use email to send us confidential or sensitive information such as personally identifiable information, account numbers or social security numbers. If you need to provide this type of information, contact us by phone, fax or regular mail as set forth on the QIT website.