

Qualified Income Trust Overview

What is a Qualified Income Trust (QIT)

- The Omnibus Budget Reconciliation Act of 1993 established the provisions for Qualifying Income Trusts (QIT)
- New Jersey is seeking federal approval for individuals in need of long-term care to use these trust devices in order to attain Medicaid eligibility for the following living arrangements:
 - Home-based living (HB); Assisted Living (AL); Nursing Facilities (NF)
- Described in the Social Security Act at 1917 (d)(4)(B)
- This type of trust can only include income dollars
- Income over the Medicaid limit is deposited into the trust account and is not counted towards Medicaid eligibility
- The income that is deposited into a QIT account is subject to the cost share and other post-eligibility expenses such as a Personal Needs Allowance (PNA)

Required Trust Provisions

- Must contain only income dollars
(no resources)
- Must be irrevocable
- New Jersey must be the first remaining beneficiary of funds upon the death of the Medicaid recipient
- Must have a trustee (not the Medicaid recipient) to take care of administrative obligations

Trust Rules and Operations

- All income including income placed in the Trust can only pay the post-eligibility treatment of income and cost share according to federal regulations at 42 CFR 435.725 and 435.726.
- Post-eligibility deductions are made using all monthly income.
- Any income left over after post-eligibility payments must remain in the Trust.
- At the time of death, the funds remaining must be paid to the State of NJ up to the cost of funds expended on Medicaid.

Establishment of a QIT

- A QIT must be established and funded in the month of the desired eligibility date.
- QITs may be established for an individual by a lawyer, however, it is not a requirement.
- DMAHS posted a QIT template on its website that may be used by individuals.
- All QITs are subject to the review and approval of Medicaid eligibility staff.

Post-eligibility Treatment of Income

Order of expenses deducted from monthly income:

- Personal Needs Allowance - \$35* for NF

OR

- Maintenance Needs Allowances

\$ 871.05*- room and board plus an additional \$107.00* for AL

\$2,163.00*- living at home (must be spent each month or considered a resource the following month)

- Community Spouse Maintenance Allowance = \$1,966.24* minus spouse's income
 - Shelter Allowance = Shelter cost minus \$589.88*
 - Utility allowance is \$491.00* per month only if utilities are paid
- Allowance for uncovered, state approved medical expenses and health insurance premiums
- Cost Share: Will be paid by the trustee directly to the Nursing Facility and the Assisted Living Facility. For those residing at home, the trustee will pay it directly to DMAHS

*dollar amounts reflect 2014 standards

Medicaid Eligibility Resource Limits

- Resource limits are \$2,000 for an individual and \$3,000 for a couple.
- Individuals who will be moving from the *Medically Needy* program to *Medicaid Only* using a QIT will need to be aware that their resource limit will decrease from \$4,000 for an individual and \$6,000 for a couple.

QIT Implementation Process

- Public Notice
- State Plan Amendment (SPA)
- QIT Medicaid Communication
- DMAHS Website information on QITs
- FAQs
- Consumer mailbox for inquiries
- QIT Template
- Preparing training for stakeholders (Oct., 2014)

Additional Information and Help

- You can find FAQs and additional information regarding the establishment of a QIT and the QIT template on the DMAHS website at:
<http://www.state.nj.us/humanservices/dmahs/clients/mtrusts.html>
- Any additional questions may be emailed to DMAHS staff : MAHS.QIT@dhs.state.nj.us The questions submitted will be added to the FAQ section of the website.