

Qualifying Income Trusts (QIT)

Effective September 1, 2003, individuals who need Nursing Facility or Waiver services but have income over \$1,656 per month will have to place the excess income into a QIT (also called a Miller Trust). The income placed in a QIT will be disregarded in determining Medicaid eligibility but will be considered when determining how much the individual has available to contribute to his/her cost of care. To set up a QIT the individual or family member should contact an attorney.

The Department for Medicaid Services (DMS) must approve each QIT. To be approved as a QIT, the trust has to include at least the following:

1. The trust has to be irrevocable. This means that when the money is put in the trust, an individual can not change their mind later and take the money back.
2. Income must be put in the trust to bring the individual below the Special Income Standard (\$1,656).
3. No resources can be put in the trust. This means that money in a savings account can not be put in the trust.
4. A separate account must be set up. This means a bank account someone already has can not be used for the trust.
5. The terms of the trust must provide that at death, Medicaid will get all the money remaining in the trust, up to the amount that was spent on that person's care by Medicaid.
6. The trustee of the trust must consult with Medicaid on withdrawals from the trust before the withdrawals are made in order to assure that the intended use is allowable under the federal and state law.

Counting Homestead as a Resource for Permanently Institutionalized Individuals

Prior to September 1, 2003, Kentucky Medicaid did not count the value of homestead property even if the owner had moved to a Nursing Facility and would not live in the home again.

Beginning September 1, 2003, if an individual lives in a Nursing Facility for more than six months, that facility will be considered as the primary residence. If a spouse or dependent family member still lives in the home, we will continue to consider it to be homestead property and it will be excluded from consideration. A dependent family member is one who the institutionalized individual provides more than fifty percent (50%) of their support. If an individual intends to return to the home it may continued to be excluded as a resource.

Property that is no longer homestead will be subject to the resource rules. The resource limit for a person getting Medicaid in a Nursing Facility is \$2,000.

This new policy will apply to individuals making an application on or after September 1, 2003. For individuals who are receiving Medicaid prior to September 1, 2003, the policy will be applied the next time their case is reviewed.

Transfer of Resources (Joint Tenancy)

Effective September 1, 2003, transfer of resource policy will apply when an individual adds another person's name on an asset which restricts or reduces his/her access or interest in the asset. For example, an individual who adds another person's name to the deed of the home, is considered to have restricted/reduced his interest in the home. An individual who places another person's name on a bank account is considered to have restricted/reduced his interest in the account if it now takes two signatures to withdraw funds or at the time the other person withdraws funds.

Homestead Exemption (Estate Recovery)

Effective September 1, 2003, the following changes will be made to the Kentucky Medicaid Estate Recovery program:

- The exemption of \$50,500 on homestead property will be eliminated. This means that the entire value of a Medicaid recipient's home will be considered in determining if Estate Recovery will be pursued.
- Estate Recovery will pursue all assets in which the Medicaid recipient had an interest. This will include all bank accounts, IRA's etc., in which the individual had an interest. Estate Recovery will no longer just apply to those assets which are subject to probate.
- The \$5,000 minimum for estate recovery will be increased to \$10,000. This means that individuals whose estates are less than \$10,000 will no longer be subject to Estate Recovery.
- Appeal rights will be provided if a claim for undue hardship exemption has been denied.