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## QUALIFIED INCOME TRUSTS

By: Jennifer R. Howell  
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### What is a Qualified Income Trust (QIT)?

A QIT is sometimes referred to as a Medicaid Income Trust or a Miller Trust. It is a legal document which allows individuals who are over the state-imposed income cap to qualify for Medicaid's institutionalized care services or for home and community-based services. The QIT is irrevocable and consists only of the individual's income. Satisfying the income cap is just one of the tests required to receive Medicaid benefits.

### What is the income cap?

The current monthly income cap for 2009 is \$2,022. It is important to note that Medicaid considers gross monthly income in determining whether someone's income exceeds the cap. The amount directly deposited into the bank only identifies net income. A statement from the income provider that indicates the gross payment and an itemization of all deductions will be needed to verify the gross income.

### Who can establish a QIT?

If the individual seeking benefits is competent, they can establish the trust for themselves. Otherwise, a spouse, attorney-in-fact under a properly executed Durable Power of Attorney, a guardian with court authority to execute the QIT or a court or administrative body will have to establish the QIT.

### When should a QIT be established?

The QIT must be signed and funded in the month the Medicaid benefits are being requested. Proper funding requires opening a bank QIT account and depositing at least the amount of income that exceeds the income cap. For example, gross monthly income of \$2,500 would dictate that at least \$478 be deposited into the QIT each month. Failure to have the minimum amount deposited in any given month will result in ineligibility for benefits for that month.



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### **What happens to the income in the QIT?**

The idea behind the QIT is that any income deposited into the QIT does not count as income to the individual. Payments out of the QIT are limited to the following:

- \$35 monthly personal needs allowance
- Specified health insurance costs
- "Patient Responsibility" costs to the nursing home
- Amounts needed to pay any "spousal diversion."

The QIT account is not meant to accumulate income. The income simply flows through the account in order to maintain Medicaid eligibility.

### **When does the QIT terminate?**

If an individual no longer needs Medicaid benefits the QIT can be terminated. The QIT also terminates upon an individual's death. When the QIT terminates the state must receive the balance in the QIT up to an amount equal to the total medical assistance paid on behalf of the individual. In most cases the entire balance of the QIT is paid to the state.

Qualifying for Medicaid can be a complex process. A QIT is just one of the issues you may encounter. Consulting with a Florida Bar Board Certified Elder Law Attorney can help assist you with this process and any issues that may arise.

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