

## Alabama Medicaid Agency

### Packet For Qualifying Income Trust

If you have received this packet, the claimant for whom you are applying for Institutional (Nursing Home) Medicaid has income that exceeds the eligibility limit for institutional care. The packet contains the following:

1. Alabama Medicaid Agency Handout #11. (This handout explains the Medicaid Agency policy regarding a Qualifying Income Trust.)
2. Instructions for completing the Qualifying Income Trust form.
3. A Medicaid Agency approved Qualifying Income Trust form (Form 262).

Once the trust has been completed, the trust account has been established, and efforts have been made to divert the Medicaid claimant's income to the trust, submit this verification, along with a completed Institutional Medicaid application (Form 204/205) to the Alabama Medicaid District Office serving your area.

**NOTE: The Medicaid staff is allowed to answer general information questions only regarding the Qualifying Income Trust (QIT). This includes what is required to fill in the blanks and how the trust relates to Medicaid eligibility policy. Medicaid staff is not allowed to give advice on legal and/or tax issues regarding the trust.**

**Should you require legal information or would prefer to have the trust completed by an attorney, contact your attorney or the Area Agency on Aging at 1-800-243-5463.**

## **If You are Applying for Institutional (Nursing Home) Medicaid and Have Excess Income, You Should Know The Following:**

Unless your income (part or all) goes into a Qualifying Income Trust account, where the income can be disregarded in the eligibility determination, you will not be eligible for Medicaid. You must first set up a Qualifying Income Trust (QIT) and a bank account which will be the trust account, and take action to divert all or part of the income into the QIT account before Medicaid can exclude the income in determining eligibility.

To set up a QIT, use the packet supplied by the district office, contact a private attorney or call 1-800-243-5463 (Area Agency on Aging) for a referral. The trust document should be submitted with the Medicaid application. The QIT must have the following characteristics:

- The assets placed in the trust must be the applicant's income only.
- No resources, except money resulting from the buildup of the applicant's income, can be part of the QIT assets.
- The trust must be irrevocable.
- The trust must state: "Upon the death of the beneficiary, the trust assets shall be paid to the Medicaid authorities of the State of Alabama up to the total amount of the Medicaid payments made to or on behalf of the beneficiary," or words to that effect.
- The trust must be properly executed, that is, have signatures on all the appropriate lines and be notarized.

Next, set up the QIT account at the bank. The wording on the account should read that it is a QIT. Example: Jane Doe, trustee of QIT for Sam Doe. As stated above, only the claimant's income may go into the trust account. Do Not Put Other Resources into the QIT Account.

After the QIT account is set up, make efforts to have the income directly deposited into the QIT account. You will be required to show copies of correspondence requesting this. In your correspondence, you should give the name of the bank, the QIT account number and the bank's routing number. Should any income check(s) not be electronically deposited, the check(s) you receive must be directly deposited into the trust account, in its entirety, to qualify for the exclusion. Should the current month's income be directly deposited into a non-trust account, place the claimant's income in its entirety into the QIT account and provide a copy of the deposit slip(s) to your Medicaid Eligibility Specialist.

**The First Possible Month of Eligibility For Medicaid Will Be The Month The Income Goes Into the QIT Account.**

## **Instructions for completing the Qualifying Income Trust (Form 262)**

You will note that the blanks to be completed by the sponsor and claimant have been numbered. Clarification is given for the Notary Public for item #15. The following instructions indicate the information needed.

1. Enter the county of residence of the Medicaid claimant (individual applying for Medicaid).
2. Enter the name of the Medicaid claimant.
3. Enter the name of the individual who will be the trustee.
4. Enter the name of the Medicaid claimant.
5. Enter the county of residence of the Medicaid claimant.
6. Enter the Medicaid claimant's Social Security Number.
7. Enter the name of the trustee.
8. Enter the name of the alternate trustee.
9. Enter the name of the claimant.
10. Enter the day the trust document is signed.
11. Enter the month the trust document is signed.
12. Enter the year the trust document is signed.
13. Enter the signature of the Medicaid claimant. (The Medicaid claimant's own signature is needed here. You must have legal authority to sign for the claimant.)
14. Enter the signature of the trustee.
15. Enter the legal capacity, such as, attorney in fact, conservator, etc., for signing other than the Medicaid claimant.

**STATE OF ALABAMA**

\_\_\_\_\_ **COUNTY**

(1)

\_\_\_\_\_ **MEDICAID QUALIFYING INCOME TRUST**

(2)

\_\_\_\_\_ **TRUSTEE**

(3)

I, \_\_\_\_\_, residing in \_\_\_\_\_ County,  
Alabama, Social Security Number \_\_\_\_\_, hereinafter called the "Settlor,"

(4)

(5)

(6)

have irrevocably transferred and delivered, and by these presents, do irrevocably transfer

and deliver unto \_\_\_\_\_, hereinafter called the "Trustee," certain

(7)

income now being received by the Settlor, such as government assistance checks

and other retirement benefits, together with other income to be payable to the

Settlor in the future.

To have and to hold the same unto the Trustee, his successors, and assigns;

IN TRUST, nevertheless, for the following uses and purposes, and subject to the following terms, conditions, and powers hereinafter set forth, that is to say:

During the lifetime of the Settlor, the Trustee shall pay or apply the income of the Trust and any part or all of the principal thereof to or for the use of the Settlor as the Trustee, in his absolute discretion, believes necessary or advisable for the proper health, support and maintenance of the Settlor.

Upon the termination of this Trust, the Trustee shall notify the Alabama Medicaid Agency, and all principal and all accumulated or accrued income or income not then disbursed, shall be distributed to the Alabama Medicaid Agency as soon as practicable, in an amount not to exceed the amount of benefits paid by Medicaid. The final payment to Medicaid upon termination of the Trust shall have priority over all other debts or expenses of the Settlor or the estate.

The Trustee shall have all the powers given by law to Trustees in Alabama, including the right to receive income payable to the Settlor, to execute receipts and releases for payments made to the Settlor, to invest and reinvest all sums of money coming into the Trustee's possession, and to make distributions for the purposes set forth in this instrument.

In the event the Trustee originally named herein shall be deceased or unable to continue to serve as Trustee, \_\_\_\_\_, shall be appointed as Trustee with all the rights and powers given to the original Trustee hereunder. **(8)**

No resignation by the Trustee shall be effective until a successor Trustee shall have accepted appointment and qualified to serve as Trustee.

The construction of this instrument, the validity of the interests created hereby, and the administration of the Trust property shall be governed by the laws of the State of Alabama, wherein the Settlor and the Trustee reside.

The Trust created by this instrument shall be collectively known as the “\_\_\_\_\_ MEDICAID QUALIFYING INCOME TRUST.” **(9)** Any property held by the Trustee may be held in and any dealing by the Trustee may be carried on under said name.

IN WITNESS WHEREOF, the Settlor and Trustee have hereunto set their hands and seals on this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ **(10)** **(11)** **(12)**

This Document Prepared by:

\_\_\_\_\_ SETTLOR : \_\_\_\_\_ **(13)**

\_\_\_\_\_ TRUSTEE: \_\_\_\_\_ **(14)**

STATE OF ALABAMA  
\_\_\_\_\_ COUNTY

I, the undersigned, a Notary Public in and for said county and state, hereby certify that \_\_\_\_\_, whose name as Settlor/\_\_\_\_\_ (15) (Legal Designation) for Settlor, is signed to the foregoing agreement and who is known to me, acknowledged before me on this day that, being informed of the contents of the foregoing agreement, he/she executed the same voluntarily on the day the same bears date.

Given under my hand on this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_

\_\_\_\_\_  
Notary Public

\_\_\_\_\_  
Commission Expires

STATE OF ALABAMA  
\_\_\_\_\_ COUNTY

I, the undersigned, a Notary Public in and for said county and state, hereby certify that \_\_\_\_\_, whose name as Trustee is signed to the foregoing agreement and who is known to me, acknowledged before me on this date that, being informed of the contents of the foregoing agreement, he/she executed the same voluntarily on the day the same bears date.

Given under my hand on this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_

\_\_\_\_\_  
Notary Public

\_\_\_\_\_  
Commission Expires