



*Helping Older Persons with Legal &
Long-Term Care Problems*

Qualified Income Trusts

1. What Is A Qualified Income Trust?

A Qualified Income Trust, sometimes called a “Miller Trust” or a “QIT,” is a trust you can establish to qualify for Medicaid or to maintain your income eligibility for Medicaid. [\[1\]](#)

2. How Does A Qualified Income Trust Work?

A Qualified Income Trust (QIT) is created using a form, then a trust account is set up with a bank. The money you deposit from your income into the trust account each month will be excluded from your gross monthly income for Medicaid income eligibility purposes. [\[2\]](#)

3. Do I need A QIT?

In order to qualify for Institutional Medicaid, your monthly gross income must be less than Ohio Department of Medicaid’s Special Income Level (SIL), which is 300% of the Supplemental Security Income (SSI) federal benefit rate. Therefore, if your monthly gross income is more than \$2,382, the 2021 SSI rate (\$794) times three, your income is too high for you to qualify for Institutional Medicaid in Ohio. But, if you deposit some of your income into a Qualified Income Trust, the amount deposited will not count towards the \$2,382 gross income cap. In this way, you can reduce your gross monthly income in order to become eligible for Institutional Medicaid. [\[3\]](#)

It is good practice to review the amount of income that you deposit into a QIT each January, because both the SSI federal benefit rate and most retirement income increases every year. You are not required to deposit all of your income into the QIT account, only a large enough portion of your total monthly income to reduce the remainder below the income cap, \$2,382. [\[4\]](#)

Your income can include both earned income, such as wages, and unearned income, such as pension benefits, interest on savings, dividends on stock and Social Security benefits. [\[5\]](#) When determining your income, use the gross amount — that is, your income before deductions for taxes, Medicare premiums, child support and other

expenses. [6] Note that a QIT only addresses your income eligibility. Medicaid eligibility is also based on your resources, generally meaning your countable resources must be below \$2,000. [7] See Pro Seniors' Institutional Medicaid fact sheet for more details.

4. What Are The Legal Requirements For A Valid Qualified Income Trust?

The QIT can only be funded with your income. [8] It cannot be funded with other assets, such as the proceeds from the sale of property, or someone else's income or property. [9] The trust must be irrevocable. [10] This means you cannot reverse any transfers into the trust. [11] The trust document must provide that, upon your death, all funds remaining in the trust are to be distributed to the Ohio Department of Medicaid. [12]

5. How Do I Set Up A Qualified Income Trust?

First, you will need a trust document. [13] The State of Ohio has created a QIT form you can use. You can find it on the Ohio Department of Medicaid's website at <https://medicaid.ohio.gov/Portals/0/Initiatives/DDR/QIT-template.pdf>.

Second, you must set up a QIT Trust Account with a bank, savings and loan association, or credit union. [14] Call ahead, because some financial institutions do not offer this type of account. Some banks will allow you to serve as the trustee of the QIT account; other banks may require an independent trustee, who may be a friend or relative. [15] Either way, you can use your own social security number for tax reporting purposes. [16] The financial institution may charge a monthly fee, not to exceed \$15.00, to maintain the trust account. [17]

Third, although you need only deposit a portion of your monthly income into the QIT account, you must make a large enough deposit to reduce your remaining income below the Medicaid monthly income cap, \$2,382 (2021). [18] Also, it is always a good idea to deposit a little extra into the QIT account as a cushion against unexpected income increases, because if your remaining monthly income is \$2,383, this extra dollar means your remaining monthly income would be too high for you to qualify for Medicaid.

Fourth, you must send a copy of the trust document, Ohio Department of Medicaid, Qualified Income Trust Verification Form, ODM10193 and proof of the initial deposit, to your County Department of Job and Family Services along with your Medicaid application. [19]

Fifth, you must arrange for monthly deposits into the trust account to ensure that your monthly income will never exceed Medicaid limits. Direct deposits are not required; however, they are strongly encouraged, because a deposit must be made into the QIT account each and every month to maintain your Medicaid eligibility. [20]

Sixth, you need to withdraw the deposits each month before the end of the month for authorized expenses.

6. How Can I Spend The Money Deposited In The QIT Account?

You can use the money you deposit into the QIT account to pay the following monthly allowances and expenses, in the following order (see Pro Seniors' Institutional Medicaid fact sheet for more details):

- 1) Your personal needs allowance;
- 2) A monthly maintenance allowance for your spouse;
- 3) A monthly maintenance allowance for your family dependents;
- 4) Medical expenses you incurred;
- 5) Your patient liability — that portion of your monthly care expenses for which you are responsible after Medicaid benefits are applied; and
- 6) The bank's monthly fee, not to exceed \$15.00, for maintaining the QIT account.

You must make these withdrawals from the QIT account by the last day of the same month in which you deposited that month's income into the QIT account. [\[21\]](#)

7. What Must I Do To Keep My Medicaid Benefits After Setting Up A QIT?

Be sure to deposit your excess income into the QIT account the same month you receive your income. Do not allow income to accumulate in the QIT account, because transferring the accumulated income for the wrong reason can cause a penalty period to be assessed for improper transfers. [\[22\]](#) You must make the QIT account deposits and withdrawals each month to maintain your Medicaid income eligibility.

If your income varies, the amount of your monthly deposit may change. Be sure to retain all bank statements because you will need to show the County Department of Job and Family Services' caseworker during your annual Medicaid recertification that you were in fact income-eligible each month of the past year. [\[23\]](#) You also must report, within 10 days, any change in your circumstances that may affect your Medicaid eligibility to your County Department of Job and Family Services. [\[24\]](#)

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Pro Seniors, Inc.
7162 Reading Rd.
Suite 1150
Cincinnati, Ohio 45237

Switchboard: 513.345.4160
Clients Toll-free: 800.488.6070
Fax: 513.621.5613
TDD: 513.345.4160

E-mail: proseniors@proseniors.org
Web Site: www.proseniors.org

Endnotes: [Click the endnote number "[1]" to return to the text]

[1] [Miller vs. Ibarra, 746 F. Supp. 19 \(D. Colo. 1990\);](#)

[O.A.C. §5160:1-6-03\(A\)\(2\)](#) Medicaid: special income rules that may apply when an individual is requesting Medicaid payment for long-term care services.

[2] [O.A.C. §5160:1-6-03.2\(B\)\(6\) & \(F\)](#) Medicaid: use of qualified income trusts (QIT)

[3] [O.A.C. §5160:1-6-03.1\(B\) & \(G\)](#) Medicaid: determining financial eligibility for medical assistance using the special income level.

[4] The current monthly maximum SSI payment amount is published by the Social Security Administration: <https://www.ssa.gov/OACT/COLA/SSlamts.html>;

[O.A.C. §5160:1-6-03.2\(K\)](#) "The individual can elect to have all, or only a portion, of his or her income placed into the QIT account. Any income not placed into the QIT account will be counted as available to the individual when determining eligibility for Medicaid".

[5] [O.A.C. §5160:1-1-01\(B\)\(32\)](#) Medicaid: definitions – "Income"

[O.A.C. §5160:1-3-03.1](#) Medicaid: income

[O.A.C. §5160:1-6-03.1\(H\)](#) Medicaid: determining financial eligibility for medical assistance using the special income level. “Determine whether an individual's income is at or below the SIL . . .”

[6] [O.A.C. §5160:1-6-03.1\(H\)\(1\)](#) Medicaid: determining financial eligibility for medical assistance using the special income level. “Total only the individual's gross income, earned and unearned . . .”

[7] [O.A.C. §5160:1-3-05.1\(B\)\(8\)\(a\)](#) Medicaid: resource requirement. “For an individual, the resource limit is two thousand dollars”.

[8] [O.A.C. §5160:1-6-03.2\(D\)\(2\)](#) Medicaid: use of qualified income trusts (QIT). “Only the individual's income can be placed into the QIT”.

[9] [O.A.C. §5160:1-6-03.2\(D\)\(5\)](#) Medicaid: use of qualified income trusts (QIT). “No other property or resources, except for any interest earned on the trust corpus, can be placed into the QIT”.

[10] [O.A.C. §5160:1-6-03.2\(D\)\(1\)](#) Medicaid: use of qualified income trusts (QIT). “The trust must be irrevocable”.

[11] [O.A.C. §5160:1-3-05.2\(B\)\(3\)](#) Medicaid: trusts. ““Irrevocable trust” means a trust that cannot be revoked by the grantor or terminated by a court. A trust terminating only upon the occurrence of an event outside the control or direction of the beneficiary or the grantor is irrevocable.”

[12] [O.A.C. §5160:1-6-03.2\(D\)\(6\)](#) Medicaid: use of qualified income trusts (QIT). “The trust document must provide that the trust shall terminate upon the death of the primary beneficiary, at which point the remaining trust property shall be distributed to the Ohio department of Medicaid or its successor up to an amount equal to the total medical assistance paid on behalf of the primary beneficiary; the trustee is prohibited from repaying other persons or creditors prior to this distribution.”

[13] [O.A.C. §5160:1-6-03.2\(G\)](#) Medicaid: use of qualified income trusts (QIT); “The establishment of the QIT must be documented . . .”

[14] [O.A.C. §5160:1-6-03.2\(B\)\(7\)](#) Medicaid: use of qualified income trusts (QIT); ““QIT account” means the account that holds the income placed into a QIT”.

See also, [O.A.C. §5160:1-6-03.2\(G\)](#) (documentary requirements).

[15] [O.A.C. §5160:1-3-05.2\(B\)\(11\)](#) Medicaid: trusts. ““Trustee” means any person who manages a trust. A trustee manages a trust's principal and income for the benefit of the beneficiaries.”

- [16] [Internal Revenue Manual, Part 21.7.13.5.8.3](#): Determining the Need for an EIN: Trusts (10-01-2017)
- [17] [O.A.C. §5160:1-6-03.2\(E\)\(4\)](#) Medicaid: use of qualified income trusts (QIT): “The trustee may make payments in an amount up to fifteen dollars per month from the QIT account for bank fees, attorney fees, and other expenses required to establish and administer the trust. If fifteen dollars is insufficient to cover the cost to administer the trust, the individual can request that the payment amount be increased. Requests for an increased payment amount must be approved by the Ohio department of Medicaid (ODM).”
- [18] [O.A.C. §5160:1-6-03.2\(K\)](#) Medicaid: use of qualified income trusts (QIT);
[O.A.C. §5160:1-6-03.1\(H\)](#) Medicaid: determining financial eligibility for medical assistance using the special income level: “Determine whether an individual's income is at or below the SIL as follows”
- [19] [O.A.C. §5160:1-6-03.2\(I\)](#) Medicaid: use of qualified income trusts (QIT);
[Ohio Department of Medicaid, Qualified Income Trust Verification Form, ODM10193 \(pdf\)](#)
- [20] [O.A.C. §5106:1-6-03.2\(H\)](#) Medicaid: use of qualified income trusts (QIT)
- [21] [O.A.C. §5160:1-6-03.2\(E\)](#) Medicaid: use of qualified income trusts (QIT)
- [22] [O.A.C. §5160:1-6-03.2\(M\)](#) Medicaid: use of qualified income trusts (QIT)
- [23] [O.A.C. §5160:1-6-03.2\(J\)](#) Medicaid: use of qualified income trusts (QIT)
- [24] [O.A.C. §5160:1-3-03.1\(F\)\(3\)](#) Medicaid: income: “The individual has the burden of verifying the sources and amounts of income, and has the responsibility of reporting income changes to the administrative agency in accordance with rule 5160:1-2-08 of the Administrative Code”
[O.A.C. §5160:1-2-08\(B\)\(1\)\(d\)\(ii\)](#) Medicaid: individual responsibilities: “Inform the administrative agency within ten calendar days of any change to the following circumstances for the individual or any person living with the individualincome”