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## **Qualified Income Trust (QIT)**

This document will help acquaint you with what a Qualified Income Trust (QIT) is, what is required to set one up, and how to administer it.

### **INCOME**

If an applicant for institutional care at a qualified nursing facility needs state/public assistance to pay a portion of their costs of care, and if the applicant's income is too high, the application will be denied unless a QIT is established and funded for each month the applicant wants benefits. For 2023, the income cap is \$2,742. Any value over this amount is considered "excess income."

### **STEPS FOR ESTABLISHING A QIT**

Establishing a QIT is a three-step process:

1. Execute a Trust Agreement – If you are executing this document as Power of Attorney for the applicant, you must verify that the Power of Attorney document grants the Attorney in Fact/Agent, the authority to create such a Trust. If the Power of Attorney does not have a sufficient grant of authority, the application will be denied.
2. A Bank Account in the name of the Trust – You must establish a bank account in the name of the Trust. The account should be named: *[Patient Name] Qualified Income Trust; [Trustee's Name], Trustee*. The bank will require a separate tax identification number for this account. If you provide us with the applicant's and trustee's social security numbers, we will attempt to obtain the tax identification number through the IRS website.
3. Deposit the Excess Income - You must make a deposit of the excess income into the bank account.  
NOTE: see Determining the QIT Deposit Amount below

Every month that the applicant receives Medicaid benefits, the Trustee must make the deposit into the QIT bank account and then pay the "Patient Responsibility" from that account. It has been our experience that the only money the applicant is allowed to keep from income is a \$130 "personal needs" allowance. (NOTE: A spousal resource allowance authorized and approved by Medicaid could affect the amount of money that is paid to the facility.) All of the remainder of the income needs to be paid to the facility to meet the Patient Responsibility. Each month, you should leave enough money in the QIT account to keep it open, but you do not want the balance to get too high because the terms of the Trust state that when the patient passes away, any money that is left in the QIT account needs to be reimbursed to the State of Florida.

NOTE: If there is a spouse living in the community that is entitled to the "Community Spouse Resource Allowance," then you will still need to set-up a QIT.

## **DETERMINING THE QIT DEPOSIT AMOUNT**

To determine the amount of money that needs to be deposited into the QIT account each month, take the patient's total gross income, subtract \$2,742.00 and add \$1.00. We suggest you add \$100.00 to the initial deposit to avoid the risk of "underfunding the Trust," plus it makes sure there is a balance in the account month-to-month, so that the bank account is not inadvertently closed. If you underfund the Trust one month, then you will be denied eligibility for that month. This process must be repeated every month that that patient receives benefits. It is a balancing effort to put enough into the QIT account, but not accumulate too much. Remember, any balance in the account after the patient passes away, must be remitted to the State of Florida.

NOTE: It is important, when you compute your income, that you use the total "gross" (before deductions) income. The amount that you receive in pay or that is deposited into your account each month may not be your total gross income. Social Security normally deducts for the Medicare premium (at minimum \$164.90/month for 2023, but could increase based on the income), and there could be deductions for a pension, insurance, or income taxes. You will need to add those amounts back into the total to make sure you determine the total gross income. If you do not compute the contribution using gross income, you could under-fund the deposit and would lose eligibility.

## **TIMING**

To be eligible for benefits, the Trust needs to be signed and dated, a bank account needs to be created in the name of the Trust, and the appropriate deposit needs to be made by the end of business on the last business day of the month in which you wish to receive benefits.

## **INFORMATION REQUIRED TO PREPARE A QIT**

1. The applicant's legal name, according to their Medicare / Social Security benefits
2. The applicant's social security number
3. The legal name of the person who will be acting as Trustee.
4. The mailing address of the person who will be acting as Trustee.
5. The social security number of the person who will be acting as Trustee.
6. If the Trust is being signed by the Power of Attorney acting for the appliance, then we should review the Power of Attorney first, to confirm that it is sufficient to create the Trust Agreement. If the applicant is capable of signing the Trust, then you won't need to have us review the Power of Attorney.

## **SUMMARY**

This document provides a general overview of what a Qualified Income Trust is, how to set one up and how to administer it. Making accommodations for long-term care health services and how best to pay for them will depend on your unique situation. If you wish to discuss setting up a QIT further, please call 727-584-2110 to schedule an appointment with one of our attorneys.