Qualified Income Trust (QIT)

What is a Qualified Income Trust (QIT)?

A Qualified Income Trust, or Miller Trust, is a trust (a special bank account) that allows individuals to qualify for TennCare CHOICES benefits when their monthly income is too high to otherwise get those benefits. The bank account holds the amount of monthly income that exceeds the income cap for TennCare. The money in this account can only be used for nursing home costs or in-home nursing costs, plus several other special expenses that are listed in the trust document. A QIT cannot be used to protect or shelter assets.

How does a QIT work?

To create a QIT, the applicant or his/her agent under a power of attorney and the Trustee must sign a trust document that names a Trustee of the account. The Trustee must be someone other than the applicant. Once the trust document is signed, the Trustee takes the trust document to a bank that accepts QITs. It is important to call the bank in advance as some banks do not accept QITs. Once the Trustee finds a bank, the applicant's money must be used to fund the trust. The minimum amount that must be placed into the trust is the amount of the applicant's income that exceeds the income cap. The patient may choose to put more into the account than the minimum.

Who needs a QIT?

QITs should be used by individuals whose monthly income is too low to afford the cost of long-term care but whose income is over the income cap for TennCare benefits. The 2019 income cap is $2,313 per month. This cap usually increases slightly each year. Applicants must meet all other TennCare eligibility requirements.
How much money do I put in a QIT?

The minimum amount required to be placed in the QIT is the amount of the applicant's income that exceeds the income cap. The applicant may choose to put more in the account.

I've been appointed as a trustee over a QIT. How do I manage the QIT?

Each month, the amount of the applicant's income that is over the income cap must be moved to the QIT account. Consider setting an automatic transfer of funds at the bank. Then, you should pay qualified expenses out of the QIT account each month. The qualified expenses are listed in your trust document. Your attorney may recommend that you move the amount of the applicant's patient liability (the amount the patient owes to the nursing home each month) to the QIT account each month, and then pay the nursing home by writing a check from the QIT each month.

What if the bank charges a fee for the QIT?

TennCare gives a $25 deduction for applicants who require QITs. If your bank charges a fee for the QIT account, you should include that amount with your monthly transfer of funds to the QIT. If your bank does not charge any fees for the QIT, then the patient gets an extra $25 each month for his or her personal needs.

When does the QIT end?

The QIT ends upon the patient's death or when the trust is no longer necessary for TennCare eligibility (i.e. the patient's income decreases and is below the income cap). When the trust ends, the Trustee should contact TennCare. The Trustee has 3 months from date of the end of the trust (usually the date of the patient's death) to send any money left in the trust and an accounting of all payments from the trust (usually bank statements) to TennCare. TennCare may give you extra time to do this if you ask them in writing at least one month before the accounting and money are due.

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