The Secretary for Health Services
COMMONWEALTH OF KENTUCKY
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PAUL E. PATTON
GOVERNOR

MARCIA R. MORGAN
SECRETARY

August 28, 2003

Model Waiver II Provider Letter #A-7

Dear Model Waiver II Provider:

Effective September 1, 2003, the Department for Medicaid Services (DMS) will implement a cost-containment initiative to allow the use of a Qualified Income Trust (QIT), also known as a Miller Trust. An additional part of this initiative removed the medically needy group as a Medicaid eligibility group under this waiver.

With the removal of the medically needy group, an individual applying for Model Waiver II (MWII) services will have the option of placing their excess income in a QIT to become categorically needy for Medicaid. Income placed in a QIT is not counted as a resource in determining Medicaid eligibility, but the income is considered when determining the amount an individual is required to pay toward the services received.

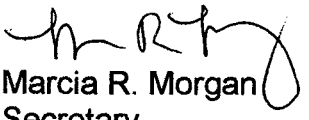
DMS must review and approve each QIT prior to its use in qualifying for MWII. In order to approve a QIT, the trust must have the following requirements:

1. Irrevocability. When income is placed in the QIT, the individual is not permitted to make changes and take the money back;
2. All excess income must be placed in the trust. All income the individual receives each month in excess of the appropriate income standard must be placed in the QIT;
3. Resources are not placed in the trust. For example, money in a checking or savings account cannot be placed in the QIT;
4. A separate account for the QIT must be established. A bank account the individual already has cannot be used for the QIT;

5. When the recipient dies, the money in the QIT, up to the amount that was spent on the individual's care by Medicaid, will be transferred by the trustor to Medicaid along with documentation required;
6. All payments from the QIT must be reviewed and approved by DMS prior to making the payments.

Should you have questions regarding the QIT or Medicaid eligibility you may contact the Member Services Branch at (502) 564-4037.

Sincerely,



Marcia R. Morgan
Secretary

MRM/cc/tb