

QUALIFIED INCOME TRUST

In addition to requiring that Medicaid recipients own less than \$2,000.00 in countable assets, the Medicaid program additionally requires that Medicaid recipients receive less than a certain amount in gross monthly income – this is commonly referred to as the “Income Cap.” Florida’s income cap amount changes from time to time; it is adjusted in lock-step at three times the Federal SSI benefit rate. As of January 2025, the Federal SSI benefit rate is \$967.00, so Florida’s Medicaid income cap is \$2,901.00 (this income cap amount changes every year on January 1).

Essentially, Florida takes the position that if an applicant has more than \$2,901.00 in income each month, then they should have no need to look to Medicaid as they should have more than enough to pay for their care. With home care being incredibly expensive and nursing homes costing between \$8,000 to \$12,000 per month, this poses a real problem for individuals without countable assets but with higher incomes.

Fortunately, there’s a solution to be found within the United States Code, which permits the creation of what is known as a “Qualified Income Trust” or “QIT.” (You may also hear these trusts described as “Irrevocable Income-Only Trusts” or “Miller Trusts” or “(d)(4)(B)” trusts). Income received into a qualified income trust is not counted toward the Medicaid income cap.

The income trust must be funded the month of Medicaid application with, at a minimum, the difference between the applicant’s gross monthly income and the current income cap amount, and it must remain funded and be utilized every month thereafter. But the qualified income trust should **only be funded with the Medicaid applicant’s income** each month. Also, it need not be funded prior to application. The QIT specifies the rules for use of the income received into the income trust. Generally, it provides that the income received into the trust must be used for the Medicaid applicant’s welfare (health and medical



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expenses). If the applicant is receiving Medicaid at home, that means that the income received into the QIT would likely first be used to pay for care at home and then other medical and health-related bills. If the applicant is receiving care in an Assisted Living Facility, the funds would likely go toward paying the portion of the ALF bill not covered by Medicaid. In a nursing-home context, the income trust specifies that the income must be contributed toward the cost of that care in accordance with the Medicaid program rules.

When our office assists with the establishment of a Qualified Income Trust, we provide written trust funding instructions and additional guidance as needed. These instructions should be followed closely.

ALTERNATIVE TO THE QIT: POOLED SPECIAL NEEDS TRUST

The primary drawback to the Qualified Income Trust is that the income placed into the QIT can only be spent on medical/health-related expenses. If the Medicaid applicant is in a skilled-nursing facility or an ALF, this is usually not an issue. However, when my client is seeking help paying for care at home, depending on monthly income amount, it's possible that they will run out of health/medical-related expenses.

An alternative is a Pooled Special Needs Trust (PSNT). A PSNT can hold assets as well as income. Because a PSNT can receive income as well, it can serve the same purpose as a QIT. The benefit is that the PSNT does not have the same spending restrictions as a QIT (e.g. a PSNT can pay a Medicaid-beneficiary's taxes, utilities, credit card bill, and many other non-healthcare related expenses).

However, the PSNT must be managed by a professional trustee (who charges a fee) and has arguably a more burdensome loss of remaining funds upon the death of the Medicaid beneficiary.

To learn more about whether to use a Qualified Income Trust or a Pooled Special Needs Trust, just ask.



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