

IF YOU NEED MEDICAID HELP WITH LONG TERM CARE COSTS: SOME BASIC INFORMATION ABOUT INCOME CAP TRUSTS

Do I need an “income cap trust” to qualify for Medicaid help with long term care costs?

To qualify financially for Medicaid help with long term care costs, you must have no more than \$2,094 per month (as of 1/1/12 – this figure changes each year) in gross income. However, if you have more than \$2,094 per month in gross income and you meet all other Medicaid eligibility requirements, you can still qualify for Medicaid long term care services through the use of an income cap trust.

What is an “income cap trust?”

An income cap trust is a special form of a trust. Its sole purpose is to qualify someone for Medicaid long term care services who would otherwise not be eligible because his income is more than \$2,094 per month. A trust has three parties to it – the grantor who signs the trust, the beneficiary who benefits from the trust, and the trustee who administers the trust. Usually, the person who needs Medicaid is the grantor and is also the lifetime beneficiary. The trustee is usually a family member or friend.

How does an “income cap trust” work?

If you need Medicaid help, you put all of your monthly income into the trust bank account. No income from anybody else and none of your other property are put into the trust account. The trustee pays the money out of the trust account toward certain monthly expenses as required by Medicaid law. For example, each month the trustee pays: an allowance for your personal needs; room and board (unless you are in a nursing home); an allowance for your spouse if you are married; health insurance premiums, if you have any; and, a payment toward the cost of your care.

How long does the income cap trust stay in effect?

You will need to put all your monthly income into the income cap trust for as long as you are on Medicaid. When the trust ends at your death, any administrative expenses of the trust are paid. Then the balance, if any, in the trust account is paid to reimburse the state up to the amount the state has spent on your care. Usually, there is very little money in the trust account at the time the trust ends.

Who can prepare the income cap trust for me?

You need a lawyer to prepare the trust for you and to explain to you how it works. Don't wait to contact a lawyer. If you know you will need help from Medicaid in the near future, and you know your income is over the Medicaid limit, contact an attorney right away. If you don't know an attorney to contact, call the Senior Law Service at 541-485-1017, ext. 131.

**NOTE: THIS IS INTENDED TO BE A GENERAL OVERVIEW.
FOR ANSWERS TO SPECIFIC QUESTIONS,
CONTACT AN ATTORNEY OR SENIOR AND DISABLED SERVICES.**

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