

WHAT IS A MILLER TRUST?

A Miller Trust is also known as a
**Medicaid -Qualifying
Irrevocable Income Trust**

WHAT IS MEDICAID AND WHY WOULD SOMEONE NEED IT?

Medicaid is a joint federal/state program providing medical assistance to disabled, elderly, and other low-income Alaskans who cannot afford needed medical care. Unlike Medicare, it is a poverty-based program.

Medicaid can be important for people who need long-term care, which is not covered by Medicare or the Indian Health Service. It can also be important to get prescription drugs that are only partially covered by Medicare.

There are three basic kinds of Medicaid:

- Nursing Home
- Home and Community Based Waiver (to receive long term care in your own home or assisted living)
- Regular “walking-around” Medicaid (including Adult Public Assistance Medicaid and Expansion Medicaid)

HOW DOES SOMEONE QUALIFY FOR MEDICAID?

The different kinds of Medicaid have different income and resource limits. Those limits also can change depending on a person’s household size and marital status.

Income refers to funds received regularly every month, like wages, Social Security, or pension.

Resources refers to assets held by a person, like cash, bank accounts, non-residential property, investments, and other property that could be turned into cash to pay for care.

Income Limit	Resource Limit
\$1,561-2,312 per month for Regular Medicaid	\$2,000 (\$3,000 for a married couple), not counting a primary residence, primary vehicle, and native-owned real property in Alaska
\$2,523 per month for Nursing Home or Medicaid Waiver	

Under Medicaid Expansion, Alaskans age 19-64 who are not eligible for another type of Medicaid or Medicare can qualify if they make <\$1,883 per month for single adults or <\$2,537 per month for a two-person family.

HOW DOES A MILLER TRUST HELP SOMEONE OVER-INCOME FOR MEDICAID?

A Miller Trust allows people who are over-income for Medicaid to become eligible by directing some of their income into a special trust account, which is managed by a trustee.

A Miller trust is only for excess income, not resources. Trusts for resources include Special Needs Trusts and Pooled Trusts.

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Miller Trusts are not used for estate or tax planning or to shield assets. In fact, a Miller Trust provides that when the person receiving Medicaid passes away, whatever remains in the trust goes to the state.

HOW DOES THE TRUST WORK?

A trust holds onto the part of a person's monthly income that makes them over-income for Medicaid. If that person is on **Regular Medicaid**, they keep the rest of their income, which is called their "personal needs allowance."

If the person is receiving **Medicaid Waiver** to get long term care in the community, the trust allows the person to keep \$1396 or \$1,656 of their income as a personal needs allowance, and the rest of their income pays for "cost of care."

If a person is receiving **Medicaid for nursing home care**, the person will receive \$200 of their income every month as a personal needs allowance, then the trustee can pay for certain allowable expenses, and then the rest will be pay a portion of the nursing home care.

For example, for a person receiving Regular Medicaid, the person's Social Security check may put them \$10 over the Medicaid income limit. That person can set up a trust, and direct deposit their Social Security check into a new trust account at the bank. The trust would pass through all but \$10 to the person every month as a personal needs allowance, and a trustee would manage the leftover \$10. The trustee can't give the \$10 directly to the person, but could spend the money on items for the person's benefit.

WHO CAN BE A TRUSTEE?

Any trustworthy adult that the person receiving Medicaid selects can be the trustee. There can be more than one trustee (called co-trustees), but at least one trustee has to be in Alaska. There can be a co-trustee out of state.

The State of Alaska Public Guardian will only serve as trustee for people who have the Public Guardian as their court-appointed guardian or conservator.

People unable to find a trustee can have the trust pay for a private trustee.

WHAT IS A TRUSTEE ALLOWED TO SPEND TRUST MONEY ON?

First, the trustee pays the individual his or her personal needs allowance. It is important to remember that a person with a trust can continue to spend their personal needs allowance on anything they want or need.

For Nursing Home and Waiver Medicaid categories, the "excess" income is used to pay certain expenses and the individual's cost of care. Spouses and minor children may also receive spousal and dependent allowances.

For Regular Medicaid, the trustee can spend the "excess" income in the trust every month, or as needed during the year, on items that:

- are not food and shelter
- are spent for the person's benefit (i.e. not gifts or donations)

Allowable trust expenses include:

- telephone, internet, and cable
- insurance premiums and uncovered medical expenses
- transportation
- pet care and supplies

WEIGHING THE COSTS & BENEFITS OF A MILLER TRUST

Setting up a trust is a big step, and should not be entered into lightly. For someone who does not need institutional care, Medicaid will cover their medical needs, but in exchange they will lose some control over part of their income. This may make it hard to meet normal living expenses.

A Miller Trust is typically more useful to someone just slightly over the income limit, compared to someone far over the limit.

A Miller Trust will also provide more benefit for people needing expensive long term care, as opposed to ordinary medical care.

