



Department of Medicaid

John R. Kasich, Governor

John B. McCarthy, Director

# 1634 Program Overview

1634 Informational Meeting

June 25th, 2015



# Agenda

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Introduction

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Overview of 1634 Policy Changes

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Qualified Income Trust (QIT) Overview

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High Level QIT Trust Process Flow

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Next Steps

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Q&A

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# Introduction

- Under Section 1634 of the Social Security Act, states can enter into an agreement with the federal government to use the Social Security Administration (SSA) to determine Medicaid eligibility for its aged, blind and disabled population. Under 1634, individuals found eligible for Supplemental Security Income (SSI) are automatically enrolled into Medicaid and do not have to separately apply for Medicaid benefits.
- Currently in Ohio, Medicaid eligibility for aged, blind and disabled individuals is determined by the Ohio Department of Medicaid. Individuals applying for SSI and Medicaid must apply separately for each program.
- Ohio is working to transition to 1634. This transition simplifies the Medicaid eligibility determination process by eliminating the need to apply separately for SSI and Medicaid benefits. The transition also makes coverage available to more low-income Ohioans.

# History of 209(b)

- In 1972, Congress expanded the Medicaid program to cover individuals who are aged, blind, or disabled
- In the law that contained this change, section 209 says that states must provide Medicaid to anyone who received Supplemental Security Income
- Paragraph (b) of section 209 says that states could choose to be more restrictive – to have lower income or resource limits
  - States that chose this 209(b) option are required to allow individuals to “Spend Down” to the more restrictive income limit
  - The law also put in place some restrictions around “incurred” expenses for Spend Down

# Section 209(b) and Spend Down

Individuals can meet the Spend Down in various ways:



## Recurring

Person has established monthly costs or unpaid past medical bills that meet the Spend Down. Person gets their Medicaid card monthly without additional action on their part



## "Pay in"

Spend Down is considered met as of the first of the month, even if the payment was made on the 15th



## Delayed

The person "incurs" costs in the amount of the Spend Down. The cost is "incurred" whether the person pays up front or receives an itemized bill for services

Individuals can group expenses into certain months so that they meet the Spend Down in those months



# The Other Options

**States who chose not to go the 209(b) route had two options:**

## SSI Criteria

- The State covers everyone who meets the criteria for Supplemental Security Income (SSI)
- The state makes its own decision whether the person meets the criteria for SSI

## 1634

- The State accepts Social Security Administration's decision
  - In Ohio, OOD's decision that the person is eligible for SSI
- SSI beneficiaries are automatically enrolled on Medicaid
- The State does not reconsider the determination

# Why Switch?

## ■ Fairness in the 209(b) and MAGI (Modified Adjusted Gross Income) adult world:

- A person under 65 without Medicare can get MAGI adult coverage with income up to 138% FPL (Federal Poverty Level\*). A person 65 or older, or with Medicare, has to Spend Down to 64%
- Two people with the same Spend Down amount may have very different results based on what treatment they need from what provider – in one case, the provider never actually attempts to collect on the “incurred” bill. In another case, the person has to pay up front to get services

## ■ Administrative simplification:

- No more Spend Down calculation or collection

\*Federal Poverty Level is the set minimum amount of gross income that a family needs for food, clothing, transportation, shelter and other necessities

# What Are We Proposing to Build?

**We will still have MAGI groups, and anyone who gets SSI will be automatically enrolled on Medicaid**

**We will have a “look-alike” category** for folks who are 65+, blind, or disabled but who do not have SSI. We will still have Medicaid Buy-In for Workers with Disabilities (MBIWD) for folks who are working with disabilities



**No one will be able to Spend Down,** but they can deposit excess income in a Qualified Income Trust to become eligible for Medicaid coverage



Individuals who need NF/ICF (Nursing Facility/ Intermediate Care Facility) care or services under an **existing waiver will have an income limit of 300% FBR** (Federal Benefit Rate)

- 300% FBR is about 225% FPL (For 2015, this amount is \$2,199)



**Individuals with Severe and Persistent Mental Illness (SPMI)** will be covered under a new state plan option with an income cap of 300% FBR

# What Is a Qualified Income Trust?

- A Qualified Income Trust (QIT) or “Miller Trust”, is a special legal arrangement to disregard an individual’s income over certain thresholds
- An individual, their legal guardian or their power of attorney may open a Qualified Income Trust

**Qualified Income Trust key characteristics that make it different from other types of trusts**

Cannot contain spousal or family resources

Is irrevocable

Can contain only the individual’s income

Must be properly executed and name the State as a beneficiary

Must be used for income only and cannot shield other assets

Allows for resources to be recovered by the State\*

\*The Trust should contain language such as: “Upon the death of the beneficiary, the trust assets shall be paid to the Medicaid agency of the State of Ohio up to the total amount of the Medicaid payments made to or on behalf of the beneficiary”



# Who needs a Qualified Income Trust?

- If an individual's income is over the Medicaid income limit for long-term care services, he/she can deposit their excess income into a Qualified Income Trust to stay eligible for Medicaid services
- Long-term care services are given to Medicaid beneficiaries who:
  - live in a nursing facility (NF); or
  - live in an intermediate care facility for individuals with intellectual disabilities (ICF-IID); or
  - receive home and community-based services (HCBS), like PASSPORT, Assisted Living, Ohio Home Care, Individual Options, MyCare Ohio, etc.



# What can the money be used for?

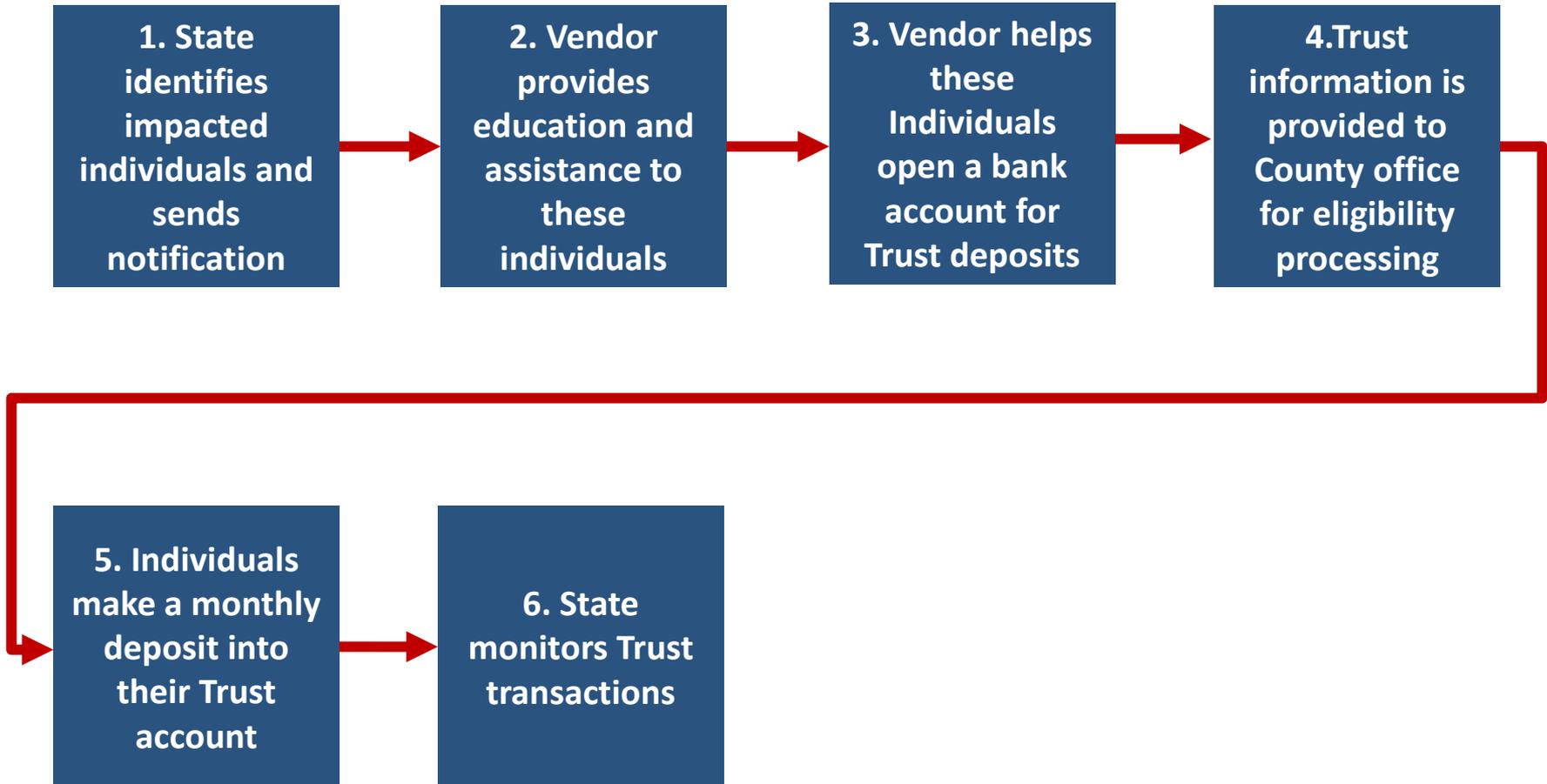
- Money put in the Qualified Income Trust account can be used to pay for:
  - Incurred medical expenses of the primary beneficiary
  - The cost of medical assistance provided to the primary beneficiary, including patient liability to the LTC provider
  - A monthly personal or maintenance needs allowance for the primary beneficiary
  - Maintenance allowance for individual's spouse or family dependents



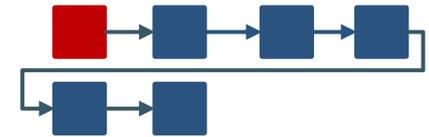
# Introduction to the Vendor

- ODM will procure the services of a vendor to help people affected by this change set up a Qualified Income Trust
- Individuals could also use their own resources to set up a Trust rather than use the services of ODM's vendor
- Legal guidance is recommended when a Qualified Income Trust is created

# High Level Qualified Income Trust Process Flow



## 1. State identifies impacted individuals and sends notification



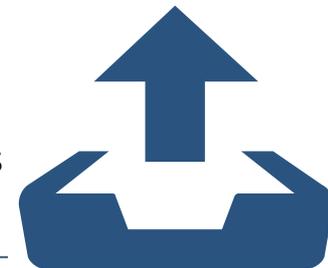
### ■ Notifications sent to the individual:

- Explain the 1634 change and the individual's option to open a Qualified Income Trust
- Provide implementation timelines and when action needs to be taken
- Refer the individual to a vendor for additional guidance

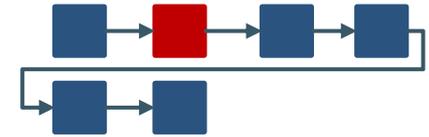
### ■ Individuals impacted by this change include:

- Individuals residing in a Nursing Facility or an Intermediate Care Facility
- Individuals participating in a Home and Community Based Service waiver

### ■ Multiple notifications may be sent to individuals to inform them of 1634 changes and remind them to take action



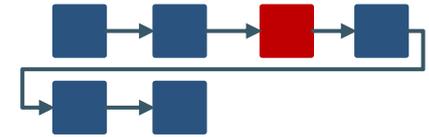
## 2. Vendor provides education and assistance to these individuals



- Vendor contacts individual and determines if they need a Qualified Income Trust
- The Vendor educates individuals about Qualified Income Trust, including:
  - Qualified Income Trust Requirements
  - Implementation timeline and when action must be taken
  - State approved Qualified Income Trust form
- Vendor provides assistance with establishing a Qualified Income Trust, including help filling out the Qualified Income Trust form



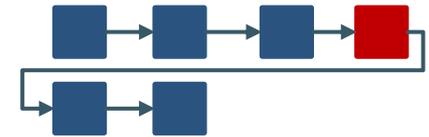
### 3. Vendor helps these Individuals open a bank account for Trust deposits



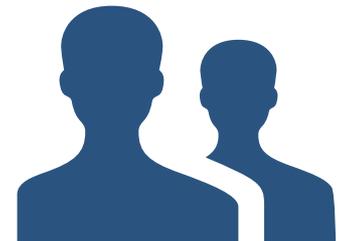
- Individual must create a bank account used exclusively for Qualified Income Trust deposits
- Vendor assists individual in working with financial institutions to open an account for Qualified Income Trust deposits
- The account can be opened in any bank that provides this service
- Banks may charge a fee to administer the Qualified Income Trust account



#### 4.Trust information is provided to County office for eligibility processing

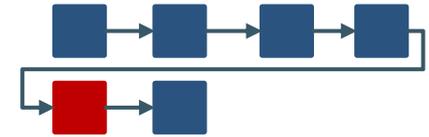


- Individuals must provide:
  - Proof that a Qualified Income Trust has been established
- The CDJFS office is responsible for documenting information and processing eligibility for the individual



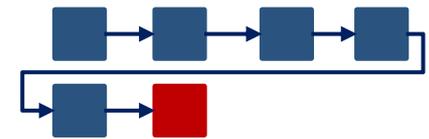
## 5. Individuals make a monthly deposit into their Trust account

- The individual is responsible for making monthly deposits into the Qualified Income Trust account
- The monthly deposit amount is dependent on the individual's income and changes when income changes





## 6. State monitors Trust transactions



- The State will establish a process to monitor monthly Qualified Income Trust transactions





# Next Steps

- Release RFP to procure vendor
- Continue to work through outstanding policy decisions
- Begin development of educational and legal documents for all stakeholders
- Develop on-going communication plan



# Q&A