

DIVISION OF MEDICAID SPECIAL NEEDS TRUST GUIDELINES

Medicaid's guidelines for payments and distributions from a Special Needs Trust are listed below. Medicaid will use these guidelines in its review of the annual accounting for the trust. **The Medicaid eligibility of the beneficiary of the trust may be affected if these guidelines are not followed.**

1. Payments for medical expenses that are not paid by Medicaid are allowed to be made from the trust. One exception is the cost differential between that of a private room and a semi-private room in an institutional setting is not an allowable expense.
2. Gifts must not be made from the trust.
3. Compensation paid to a family member from the trust for services rendered as trustee must be reasonable under the circumstances.
4. Compensation paid to a family member from the trust for services rendered as a caregiver to the beneficiary must be reasonable under the circumstances and not exceed rates charged by agencies in the geographic area for the same or similar services. For a parent, the services must be over and above normal parental responsibilities.
5. Medicaid will allow the purchase of residential real property by the trust if the residence serves as the beneficiary's place of residence. The trust must be the owner of any real property purchased by the trust. Additions or improvements to existing property owned by another individual will be allowed if made for the benefit of the beneficiary. The trust must have a lien on the property for the cost of the additions or improvements.
6. If the trust beneficiary is an SSI recipient, the payment of ad valorem taxes and/or insurance premiums and payment of utilities will produce In Kind Support and Maintenance (ISM) for the beneficiary that will reduce their SSI benefits and must be reported to Medicaid.
7. Medicaid will allow the purchase of a vehicle by the trust only if it is the only household vehicle or is specially equipped to allow the beneficiary to operate the vehicle or to be transported in the vehicle. If the vehicle will be used for anyone other than the beneficiary, all expenses relating to the vehicle must be prorated between the trust and anyone other than the beneficiary that uses the vehicle. If the vehicle is placed in the name of anyone other than the beneficiary, the trust must have a lien on the vehicle title.
8. Payments for vacations and other non-medical trips for the beneficiary must be reasonable under the circumstances and considering the size of the trust.

9. Payments for recreational opportunities, family visits, or visits to friends for the beneficiary must be reasonable under the circumstances. Payments for family members to visit the beneficiary may be made if the visit is for the purpose of ensuring the safety and well-being of the beneficiary.
10. Payments for non-medical expenses such as radios, televisions, audio or video equipment, computer equipment or electronic devices and/or equipment must be made for the primary benefit of the beneficiary and reasonable under the circumstances and considering the size of the trust.
11. The pre-need payment of burial expenses, the purchase of pre-need burial contracts or the payment of burial insurance premiums are allowable, but if such arrangements have not been made prior to the passing of the beneficiary, they must not be paid until after reimbursement has been made to Medicaid.
12. Payments for the following items will produce In Kind Support and Maintenance (ISM) for the beneficiary: rent, mortgage payments (including property insurance required by the mortgage holder), real property taxes (less any tax rebate/credit), heating fuel, gas, electricity, water, sewer, garbage removal. ISM is considered income and may affect eligibility for Medicaid-only beneficiaries or reduce SSI benefits.
13. Distributions from the trust directly to the beneficiary or to the beneficiary's bank account will be considered income to the beneficiary in the month in which the distribution is made. Direct distributions must be reported and may result in loss of coverage for Medicaid-only beneficiaries or reduction and possible loss of SSI benefits.

If there are questions as to whether a proposed expense will be allowed by Medicaid, the Trustee should call Division of Medicaid, Office of Eligibility, at 601-359-6120 to determine Medicaid's position prior to making payment.

As trustee of the _____ Special Needs Trust, I acknowledge receipt of these guidelines. I understand that my failure to follow these guidelines may affect the Medicaid eligibility of the beneficiary of the trust.

(Trustee's Signature)

(Trustee's name printed)

(Date signed)