

Colorado Department of Health Care Policy and Financing 1570 Grant St., Denver, CO 80203-1818	NUMBER: HCPF 06-022
	CROSS REFERENCE:
DIVISION OR OFFICE: Medical Assistance Office	DATE: May 30, 2006
SUBJECT AREA: Financial Eligibility for Medicaid Long-Term Care Services	
SUBJECT: Revised Rules for Trusts, Life Estates, and Annuities	APPROVED BY: 
TYPE: I – Information P - Procedure	Barbara B. Prehmus, M.P.H.

*HCPF Agency Letters can be accessed online at:
www.chcpf.state.co.us >>Reference Material >>Agency Letters*

Purpose:

The purpose of this agency letter is to notify County Departments of Social/Human Services and Medical Assistance sites about revised rules for trusts, life estates, and annuities that are effective June 1, 2006. Please share this information with anyone who makes eligibility determinations for applicants or recipients of Medicaid long-term care benefits.

Background:

The rules governing the treatment of trusts, life estates, and annuities have been revised to incorporate recent court decisions, to correct some erroneous citation references and typographical errors, and to clarify some requirements for income trusts and disability trusts.

Procedure or Information:

The revised rules are attached to this agency letter. Here is a summary of the main changes:

Income Trusts

Sections 8.110.52.B.5.a.1.b. and f. have been revised to state that an amount up to \$20.00 may be retained in the income trust for trust expenses such as bank charges if such charges are expected to be incurred by the trust. An allowance should not be granted if no charges are expected to be incurred.

Section 8.110.52.B.5.a.1.j. has been revised to require that the income trust include the name and mailing address of the trustee. The Department of Health Care Policy and Financing (CDHCPF) must be notified of any trustee address changes or change of trustee within 30 days.

Section 8.110.52.B.5.a.1.k. has been revised to require that an annual accounting of trust income and expenditures and an annual statement of trust assets be submitted to the county or to CDHCPF upon reasonable request or upon any change of trustee. An accounting and statement of assets should be requested annually as part of the redetermination process.

Disability Trusts

Section 8.110.52.B.5.b.1.m. has been revised to state that distributions from the trust must be only to or for the benefit of the trust beneficiary. Cash distributions are considered income to the individual. Distributions for food or shelter are considered in-kind income and are countable toward income eligibility.

Section 8.110.52.B.5.b.1.o. has been added to require that the trust include the name and mailing address of the trustee. CDHCPF must be notified of any trustee address changes or change of trustee within 30 calendar days.

Section 8.110.52.B.5.b.1.p. has been added to require that an annual accounting of trust income and expenditures and an annual statement of trust assets be submitted to the county or to CDHCPF upon reasonable request or upon any change of trustee. An accounting and statement of assets should be requested annually as part of the redetermination process.

Federally Approved Trusts

Section 8.110.52.F. has been added to provide instructions on how federally approved trusts for SSI recipients should be treated. If an SSI recipient has a trust that has been approved by the Social Security Administration, that trust does not need to be reviewed by CDHCPF to determine if it meets the state's trust criteria. Individuals on SSI are automatically eligible for Medicaid despite the existence of a federally approved trust. This includes SSI recipients with federally approved trusts who are applying for long-term care benefits. If the county has a copy of a federally approved trust for an SSI recipient, it should be sent to CDHCPF so that it can be tracked. For more information about this topic, please see Agency Letter HCPF 04-002 issued on January 23, 2004.

Effective Date:

June 1, 2006

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Attachment: Revised Rules for Trusts, Life Estates, and Annuities