Table of Contents

9.0.05 Trusts 1
Trust Recovery Overview 1
HMS Trust Recovery Success for Arizona 2
Arizona-Specific Knowledge 2
HMS's Trust Recovery Process 3
Develop Lead 3
Process Referral 4
Classify Referral 4
Case Management and Follow up 4
Recovery 5
Review Trust Accounting 10
Bank and Report 10
Acknowledge Payment and Close Case 10
Reporting 12

This page intentionally left blank.

9.0.05 TRUSTS

TRUST RECOVERY OVERVIEW

As a result of the increasingly widespread use of Special Treatment Trusts (STTs) to become Medicaid eligible, trust monitoring, reconciliation, and outreach are critical to a successful Trust Recovery program. This increase in trusts has been prompted by the transfer of asset and trust provisions of the Omnibus Reconciliation Act of 1993 (OBRA 93) and the Foster Care Independence Act of 1999 (FCIA 99).

- OBRA 93 applies to all trusts established on or after August 10, 1993 and for Medicaid eligibility purposes exempts certain STTs from application of the transfer of asset and trust rules set forth in this Act.
- FCIA 99 reinstated Social Security Income (SSI) transfer penalties and imposed new SSI rules for treatment of assets held in trust for SSI purposes. Paralleling OBRA 93, FCIA 99 exempts certain transfers from penalties, including transfers to certain d4 STTs authorized by OBRA 93. These SSI trust provisions became effective January 1, 2000 and apply to all trusts established on or after that date.

As defined in 42 USC § 1396p, Federal law authorizes three types of STTs:

1. Special Needs Trusts (SNTs),
2. Income Only Trusts (IOTs), and
3. Pooled Trusts

These trusts are commonly referred to as “payback” trusts since all three types of STTs must contain a provision that at termination of the trust all remaining trust property must be applied first to reimburse the state for all medical assistance received by the trust beneficiary. We describe each type of STT below:

- **SNTs** are typically created when a medically needy member acquires significant resources, often from a casualty settlement. The resources are placed in trust, with specific guidelines on how the funds may be expended, and include a requirement that, upon termination of the trust, the Medicaid agency is named the primary beneficiary up to the total amount of medical assistance paid on behalf of the member.
- **IOTs** are established for individuals who are medically needy, but who are over the income threshold for Medicaid benefits. Excess funds from the trust are used in a spend-down manner to qualify the applicant for benefits. Usually, only a small balance remains in the trust account at the end of each benefit period. This type of trust is commonly created for elderly persons on a fixed income in need of long-term care (LTC) and home-based services.
- **Pooled Trusts** are formed when a medically needy member acquires resources that would be sufficient to terminate eligibility for Medicaid, but are not sufficient to justify creating a standalone SNT. A Pooled Trust must be administered by a nonprofit agency that holds and manages multiple accounts. In Arizona, AHCCCS allows the pool to retain the funds for the benefit of other beneficiaries.

[redacted]

[redacted]

HMS Trust Recovery Success for Arizona

As the incumbent, HMS has an established and effective Trust program solution for AHCCCS. Since SFY 2013, HMS has recovered over $8 million for AHCCCS from STTs.

Arizona-Specific Knowledge

HMS has provided trust services to AHCCCS since 1995. During our tenure, HMS has formed valuable relationships with public fiduciaries, the courts, trust management firms, attorneys, estate planning advisory groups, and financial institutions. HMS is well known in the community as a responsive and reliable guardian of AHCCCS's trusts [redacted] Our proven methodologies and tools comply with all applicable State and federal requirements and serve as a crucial component of Arizona's cost containment efforts.

In the following sections, we provide our method of approach to meeting the AHCCCS and the State of Arizona scope of work and continuing to provide industry leading trust services. Also, in response **Section 9.1,** we provide a quick reference cross-walk to the requirements from AHCCCS's scope of work.

HMS'S TRUST RECOVERY PROCESS

HMS's Trust program under contract with AHCCCS applies and uses all processes and procedures in strict compliance with the terms of the existing contract between HMS and AHCCCS and the AHCCCS-approved workflows for trust review. **Figure 9.0.05-1** illustrates the trust recovery process that we perform on AHCCCS's behalf.

Figure 9.0.05-1. [redacted]

[redacted]

Below we describe the steps we undertake to meet the State's trust review and recovery needs. HMS will continue these proven steps and will incorporate any legislative changes that might occur for trust treatment during the new contract. As we have in the past, we will collaborate with AHCCCS to innovate and incorporate process changes that will increase recoveries.

DEVELOP LEAD

[redacted]

[redacted]

Enhanced Trust Leads
To enhance lead generation and with AHCCCS's approval, HMS will issue follow-up questionnaires to attorneys handling high-dollar subrogation settlements to determine if the recipients they represent are establishing STTs.

[redacted]

Process Referral

[redacted]

Classify Referral

[redacted]

Case Management and Follow Up

[redacted]

[redacted]

RECOVERY

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

Figure 9.0.05-2. [redacted]

[redacted]

[redacted]

[redacted]

Figure 9.0.05-3. [redacted]

[redacted]

Review Trust Accounting

[redacted]

- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]

Bank and Report

[redacted]

[redacted]

Acknowledge Payment and Close Case

[redacted]

Figure 9.0.05-4 [redacted]

[redacted]

REPORTING

[redacted]

[redacted]