

**Presented:**

2019 CHANGES AND TRENDS AFFECTING SPECIAL NEEDS TRUSTS  
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**Protecting and Maximizing  
Public Benefits**

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This outline presents the law as of this writing, with the warning that many public benefits in Texas are presently in a state of change. Nothing contained in this publication is to be considered as the rendering of legal advice for specific cases, and readers are responsible for obtaining such advice from their own legal counsel. This publication is intended for educational and informational purposes only.

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<b>I. CHANGES AND TRENDS FOR 2019 .....</b>	<b>1</b>
<b>II. OVERVIEW OF TEXAS HEALTH AND HUMAN SERVICE AGENCIES.....</b>	<b>3</b>
A. TEXAS AGENCIES .....	3
B. MEDICAID MANAGED CARE COVERS THE STATE.....	4
1. Historical Background in Texas .....	4
2. Changes Should Not Adversely Affect Clients .....	5
3. Changes in Program Names .....	6
4. More Choices in Service Delivery .....	9
5. Extension of Managed Care to Nursing Facilities.....	10
C. EQUAL PROTECTION FOR PARTNERS IN SAME-SEX MARRIAGES .....	13
<b>III. SUPPLEMENTAL SECURITY INCOME (SSI) .....</b>	<b>13</b>
A. ELIGIBILITY.....	14
1. “Categorical” Requirements: Aged, Blind, or Disabled.....	14
2. Citizenship/Immigration/Residency Status .....	16
3. Income.....	18
4. Resources .....	26
B. BENEFITS .....	27
1. Cash Benefits.....	27
2. Medicaid Eligibility.....	27
C. TRUST RULES.....	27
1. Third-Party Settled Trusts .....	28
2. Self-Settled Trusts .....	29
3. Judicial Reformation of Wills .....	37
4. Self-Settled Trusts-Key Provisions in 2018 POMS Revisions.....	38
5. Restrictions on Early Termination Provisions in Self-Settled Trusts .....	43
6. Factors Affecting Type of Trust and Selection of Trustee .....	44
7. The Sole Benefit Rule .....	48
8. Treatment of UTMA Accounts .....	52
9. SSA's System for Evaluating SSI Trusts .....	52
10. SSA Reverses Policy of Disapproving All Court-Created Trusts .....	53
11. Texas to Implement the ABLE Act.....	54
D. TRANSFER RULES.....	57
E. APPLICATION .....	59
F. SSI SOURCES OF LAW .....	59
<b>IV. CHILDHOOD DISABILITY BENEFIT &amp; DISABLED ADULT CHILD     MEDICAID.....</b>	<b>60</b>
<b>V. SOCIAL SECURITY DISABILITY INSURANCE (SSDI) .....</b>	<b>61</b>
A. ELIGIBILITY.....	61
1. Work History.....	61
2. Disability .....	62

B.	BENEFITS .....	62
1.	Cash Benefits.....	62
2.	Medicare Benefits .....	63
C.	APPLICATION .....	63
<b>VI.</b>	<b>REGULAR MEDICAID BENEFITS .....</b>	<b>63</b>
A.	ELIGIBILITY.....	64
B.	BENEFITS .....	65
1.	General Scope of Benefits.....	65
2.	Texas Health Steps (THSteps).....	66
3.	Prescription Medications.....	67
C.	APPLICATION .....	67
<b>VII.</b>	<b>MEDICARE .....</b>	<b>68</b>
A.	ELIGIBILITY.....	68
1.	Eligibility at Age 65 .....	68
2.	Work Requirements.....	68
3.	Eligibility in Connection With Social Security and Railroad Retirement Disability Benefits.....	68
4.	Medicare Premiums.....	68
5.	Continuation of Medical Coverage After Total Disability Ends .....	69
B.	BENEFITS .....	69
1.	Hospital Services.....	70
2.	Nursing Facility Services .....	70
3.	Home Health Services .....	71
4.	Hospice Services .....	71
5.	Physician Services and Other “Part B” Benefits .....	72
6.	Prescription Drugs.....	72
7.	Medicare Preventive Care Benefits .....	74
8.	Medicare Improvement Standard Abrogated .....	74
C.	APPLICATION .....	75
<b>VIII.</b>	<b>“LONG- TERM CARE” MEDICAID .....</b>	<b>76</b>
A.	ELIGIBILITY.....	76
1.	Income.....	76
2.	Resources (Countable Assets).....	78
3.	Medical Need Requirements .....	82
4.	Citizenship/Immigration/Residence Status.....	82
5.	Age, Blindness or Disability .....	83
B.	BENEFITS .....	83
1.	Nursing Home Medicaid .....	83
2.	Home Care Under the “Community Care” Programs.....	83
3.	Home and Community Care under the Medicaid “Waiver” Programs.....	85

C.	THE HCBS WAIVER “SPOUSAL PROTECTED RESOURCE AMOUNT” .....	90
1.	Both Spouses at Home .....	90
2.	One Spouse in a Nursing Home .....	92
D.	ELIGIBILITY RULES WHEN BOTH SPOUSES APPLY .....	93
E.	THE HCBS WAIVER PROGRAM INTEREST LISTS .....	95
1.	Interest List Wait Times .....	95
2.	Bypassing the Interest Lists with “Money Follows the Person” .....	96
F.	TRUST RULES .....	98
1.	Third-Party-Settled Trusts .....	98
2.	Self-Settled Trusts Generally .....	99
3.	Exceptions to General Rules Governing Trusts “Established By” The Client .....	101
G.	TRANSFER (“GIFTING”) RULES .....	103
1.	Nature and Purpose .....	103
2.	Rules for Calculating the Penalty Period.....	104
3.	Treatment of Multiple Transfers .....	105
4.	How to Determine the “Start Date” of the Penalty Period .....	105
5.	Medicaid Programs Subject to the Transfer Penalty .....	106
6.	Disclaimers as Transfers .....	106
7.	What is “Compensation” Reducing a Transfer Penalty.....	106
8.	Cash Compensation or Returns of Transferred Assets .....	108
9.	Transfers by or to a Community Spouse .....	111
10.	Certain Transfers Excepted From Penalty.....	112
11.	Exception: Transfers Solely for Non-Medicaid Purpose.....	114
12.	Exception: Transfer Penalty Would Result in “Undue Hardship”.....	115
13.	New Motor Vehicle Transfer on Death Avoids Transfer Penalty and MERP .....	117
14.	Giftng by Guardians.....	118
15.	Fees of Guardians Deductible From Copayment.....	118
H.	APPLICATION .....	119
I.	AGREEMENTS OF EXCLUSIVITY BETWEEN ATTORNEYS AND SKILLED NURSING FACILITIES .....	119
J.	MEDICAID ESTATE RECOVERY PROGRAM.....	120
K.	LADY BIRD DEED.....	120
L.	TRANSFER ON DEATH DEED: THE NEW LADY BIRD DEED? .....	123
1.	Transfer on Death Deed Overview .....	123
2.	Comparison of TODD and LBD .....	124
M.	ACA EXTENDS SPOUSAL IMPOVERISHMENT PROTECTIONS TO HCBS WAIVER PROGRAMS .....	126
N.	1915(C) IS NOW HCBS .....	127
O.	INCOME TAX WITHHOLDING NO LONGER DEDUCTIBLE FROM COPAYMENT.....	127
P.	EFFECT OF COURT ORDERS TRANSFERRING ASSETS AND INCOME BETWEEN SPOUSES .....	128
Q.	NEW LTC MEDICAID PROGRAMS.....	129
1.	Community First Choice .....	129
2.	“Texas Dual Eligible Integrated Care Project” affects 6 counties .....	130

R.	LIFE SETTLEMENTS .....	130
1.	Introduction to Life Settlements.....	131
2.	Definitions of Life Settlements .....	131
3.	“Traditional” Life Settlements .....	132
4.	Long-Term Care Benefit Plan Conversion Life Settlements.....	133
5.	Using the New Life Settlements for Medicaid Planning.....	135
<b>IX.</b>	<b>CHILDREN’S MEDICAID.....</b>	<b>136</b>
A.	ELIGIBILITY.....	136
1.	Residence and Citizenship.....	136
2.	Age 18 or Under.....	137
3.	Resources .....	137
4.	Income.....	137
B.	BENEFITS .....	138
C.	TRUST AND TRANSFER RULES.....	139
<b>X.</b>	<b>PREGNANT WOMEN’S MEDICAID.....</b>	<b>139</b>
A.	ELIGIBILITY.....	139
1.	Residence and Citizenship.....	139
2.	Resources .....	139
3.	Income.....	139
B.	BENEFITS .....	140
C.	TRUST AND TRANSFER RULES.....	140
<b>XI.</b>	<b>PARENTS &amp; CARETAKER RELATIVES MEDICAID .....</b>	<b>140</b>
A.	HISTORY AND RELATION TO TANF .....	140
B.	ELIGIBILITY.....	140
1.	Relationship to Dependent Child.....	140
2.	Resources .....	141
3.	Income.....	141
C.	BENEFITS .....	142
D.	TRUST AND TRANSFER RULES.....	142
E.	APPLICATION .....	142
<b>XII.</b>	<b>MEDICALLY NEEDY PROGRAM.....</b>	<b>142</b>
A.	ELIGIBILITY.....	143
1.	Age & Gender .....	143
2.	Income.....	143
3.	Resources .....	144
B.	BENEFITS .....	144
C.	TRUST RULES.....	144
D.	TRANSFER RULES.....	144
E.	APPLICATION .....	144

<b>XIII. THE TEXAS CHILDREN’S HEALTH INSURANCE (CHIP) PROGRAM .....</b>	<b>144</b>
A. ELIGIBILITY.....	145
1. Age.....	145
2. Residence/Citizenship .....	145
3. Waiting Period.....	145
4. Income.....	145
5. Resources .....	146
6. Exclusions .....	146
B. BENEFITS AND COSTS.....	146
C. TRUST RULES.....	147
D. TRANSFER RULES.....	147
E. APPLICATION .....	147
<b>XIV. THE AFFORDABLE CARE ACT.....</b>	<b>147</b>
A. INTRODUCTION.....	147
B. CHANGES PUT INTO EFFECT BEFORE 2013 .....	148
1. The “Federal Risk Pool”.....	148
2. “Money Follows the Person” .....	148
3. Coverage for Children With Pre-Existing Conditions.....	148
4. Coverage for Children Until Age 26 .....	148
5. Medicare Part D “Donut Hole” Reduction.....	148
6. Part D Cost-Sharing Eliminated for Waiver Program Beneficiaries .....	149
7. Nursing Home Disclosures Required .....	149
C. CHANGES EFFECTIVE JANUARY 1, 2014.....	149
1. No Pre-Existing Condition Requirement.....	149
2. Sliding-Scale Premiums Based on Income.....	149
3. Sliding-Scale Cost Sharing Based on Income .....	151
4. Spousal Impoverishment Rules Apply to Waiver Programs .....	152
5. No Annual or Lifetime Caps .....	152
6. Medicaid Coverage Based on Low-Income .....	152
7. Effect of the ACA on Special Needs Practices.....	153
D. ACA AND THE TAX CUTS AND JOBS ACT OF 2017 .....	154
<b>XV. EMERGENCY ASSISTANCE TO UNDOCUMENTED ALIENS .....</b>	<b>154</b>
A. ELIGIBILITY.....	154
B. BENEFITS .....	154
<b>XVI. QMB AND OTHER MEDICARE SAVINGS PROGRAMS.....</b>	<b>155</b>
A. ELIGIBILITY AND BENEFITS.....	155
1. Qualified Medicare Beneficiaries (QMB).....	156
2. Specified Low-Income Medicare Beneficiaries (SLMB).....	156
3. Qualifying Individuals.....	156
4. Qualified Disabled and Working Individuals (QDWI) .....	156

5. Income & Resource Methodology.....	157
B. TRUST AND TRANSFER RULES.....	157
C. APPLICATION .....	158
<b>XVII.    MEDICAID BUY-IN PROGRAM.....</b>	<b>158</b>
A. ELIGIBILITY.....	158
1. Disability .....	158
2. Income.....	159
3. Resources .....	160
4. Calculation of Monthly Premium.....	160
B. BENEFITS .....	161
C. APPLICATION.....	161
<b>XVIII.    MEDICAID BUY-IN FOR CHILDREN PROGRAM.....</b>	<b>161</b>
A. ELIGIBILITY.....	161
1. Nonfinancial Requirements.....	161
2. Financial.....	162
B. PREMIUMS.....	163
1. MBIC Premium Amounts .....	163
2. Exemptions and Waivers.....	164
C. TRUST AND TRANSFER RULES.....	164
D. APPLICATION .....	164
<b>XIX.    HELP WITH INSURANCE PREMIUMS—THE HIPP PROGRAM .....</b>	<b>164</b>
<b>XX.    FOOD STAMPS (SNAP).....</b>	<b>165</b>
A. ELIGIBILITY.....	166
1. Resources .....	166
2. Transfer Rules .....	166
3. Income.....	167
4. Citizenship/Immigration Status .....	167
5. Work Requirements.....	168
B. BENEFITS .....	168
C. APPLICATION .....	168
<b>XXI.    TEXAS MENTAL HEALTH AND INTELLECTUAL DISABILITY PROGRAMS.....</b>	<b>168</b>
A. ELIGIBILITY.....	169
1. Medicaid-Funded Services .....	169
2. Non-Medicaid-Funded Services.....	170
B. BENEFITS .....	171
1. Mental Health Facilities .....	171
2. Intellectual Disability Services.....	171
3. Community Services .....	172

4. Group Homes .....	173
C. TRUST RULES.....	174
D. TRANSFER RULES.....	176
<b>XXII. LOCAL MEDICAL ASSISTANCE PROGRAMS &amp; OTHER BENEFITS .....</b>	<b>176</b>
A. LOCAL MEDICAL ASSISTANCE PROGRAMS .....	176
B. EMERGENCY ROOM ASSISTANCE .....	178
C. INDIGENT-CARE RESPONSIBILITIES OF HOSPITALS.....	178
D. LOCAL NONPROFIT AGENCIES .....	178
E. PROPERTY TAX EXEMPTIONS.....	178
F. UNLISTED AGENCIES & BENEFITS.....	178
<b>XXIII. BREAST CANCER &amp; CANCER CONTROL SERVICES AND     MEDICAID.....</b>	<b>179</b>
A. THE BREAST & CERVICAL CANCER CONTROL SERVICES (BCCCS).....	179
B. MEDICAID FOR BREAST AND CERVICAL CANCER .....	179
<b>XXIV. TIPS FOR NEW ELDER LAW AND SPECIAL NEEDS     PRACTITIONERS.....</b>	<b>180</b>
A. CONTACT INFORMATION FOR TEXAS HEALTH AND HUMAN SERVICES COMMISSION.....	180
B. TIPS FOR A SUCCESSFUL MEDICAID APPLICATION - FREQUENTLY ASKED QUESTIONS .....	180
C. QUALIFIED INCOME TRUST (QIT) CHECKLIST(MILLER TRUSTS) .....	182
<b>APPENDIX 1: BENEFIT ELIGIBILITY NUMBERS .....</b>	<b>184</b>
<b>APPENDIX 2: HOW TO CALCULATE “PRO RATA SHARE” OF     HOUSEHOLD EXPENSES.....</b>	<b>186</b>
<b>APPENDIX 3: TRUST DISTRIBUTIONS WHERE BENEFICIARY IS ON SSI -     SAMPLE INSTRUCTIONS .....</b>	<b>187</b>
<b>APPENDIX 4: LIMITS ON ELIGIBILITY OF ALIENS FOR PUBLIC     BENEFITS IN TEXAS .....</b>	<b>189</b>
<b>APPENDIX 5: SOURCES OF FREE AND REDUCED PRICE PRESCRIPTION     MEDICATIONS.....</b>	<b>191</b>
<b>APPENDIX 6: SELECTED BIBLIOGRAPHY .....</b>	<b>192</b>
1. Treatises & Forms .....	192
Internet Resources .....	193
2. Agency Manuals.....	195
<b>APPENDIX 7: HHSC REGIONAL DIRECTORS .....</b>	<b>197</b>
<b>APPENDIX 8: HEALTH AND HUMAN SERVICES COMMISSION     ORGANIZATIONAL CHART .....</b>	<b>199</b>

<b>APPENDIX 9: CHECKLIST FOR TERMINATION OF SPECIAL NEEDS TRUST WITH MEDICAID PAYBACK PROVISION .....</b>	<b>200</b>
<b>APPENDIX 10: DRAFTING FOR USE OF POOLED TRUSTS .....</b>	<b>202</b>

# PROTECTING AND MAXIMIZING PUBLIC BENEFITS

## INTRODUCTION

This is an overview of the most significant public benefits for persons with disabilities in Texas. It is intended to assist attorneys and other benefits counselors to identify the major benefits to which such clients may be entitled.

Its focus is primarily on the “means-tested” benefits, which are available only to persons with assets and income below certain limits. Therefore, particular attention is paid to rules relating to trusts and transfers of assets to assist attorneys and other professionals with estate planning for family members and with planning for dispositions of personal injury awards, inheritances and other assets of persons with disabilities.

Although much of the law discussed is federal law, many rules are state-specific. Accordingly, with regard to cases governed by the law of jurisdictions other than Texas, it must be used, if at all, with great caution.

This outline is intended as a “bridge” to help the practitioner better understand and use the voluminous statutes, rules, and agency operating instructions applying to each program. Therefore, although it seeks to cover the most important rules, it cannot include every benefit, exclusion, exemption, etc. contained in the numerous sources of law, which are cited for further reference.

The authors gratefully acknowledge the contribution of Chris DeWitt, an attorney with much experience in the fields of Medicaid and disability, who updated the whole publication and expanded the discussion of state programs and laws in 2009.

## I. CHANGES AND TRENDS FOR 2019

What follows is a listing of the major changes in the 2019 edition of this paper.

*Note: The pdf version of this paper contains updates to the income eligibility numbers effective March 1, 2019 that are not included in the printed version distributed at the conference on February 7, 2019: Children's Medicaid, Pregnant Women's Medicaid and Children's Health Insurance Program. The pdf version also includes corrected resource limits for the QMB, SLMB, QI-1, all shown as \$7,730 unmarried and \$11,600 couple in MEPD and Texas Works Bulletin (February 1, 2019), effective March 1, 2019.*

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TOPIC	SUMMARY OF CHANGE	PAGE
Retirement Accounts	We expect a major announcement soon (perhaps at this conference) that HHSC exempts the assets of IRAs and other retirement accounts from counting as "resources."  However, that policy has not yet been reduced to writing, so we do not discuss it in this paper.	

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<b>TOPIC</b>	<b>SUMMARY OF CHANGE</b>	<b>PAGE</b>
Self-Settled SNTs	SSA announced in 2018 a major revision of its policies on permissible ways of drafting, establishing and managing self-settled SNTs	38
Disabled Adult Child Medicaid	HHSC has addressed the problem of loss of Medicaid benefits when SSI is lost due to the Childhood Disability Benefit, with "Gap Medicaid."	60
Long-Term Care Insurance and Medicaid	Medicaid policy now requires that all long-term care insurance benefits should be paid directly from the insurance company to the nursing home.	77
Transfers	A transfer from one spouse to the other never results in a transfer penalty	112
Transfers	Current transfer penalty policy creates uncertainty regarding a simple "transfer and return" strategy. Therefore, that strategy should be avoided, in favor of using an algorithm to determine the optimal amount to transfer and paying the rest to the facility, buying an annuity or returning it to the transferor after start of the transfer penalty period.	110
Transfers	Start date of the transfer penalty period for HCBS Waiver programs is now same as for nursing home Medicaid: the date when the applicant meets all the requirements for initial eligibility, but for the transfer penalty	105
Transfers/MERP	The new "Beneficiary Designation of a Motor Vehicle" (form VTR-121) allows a vehicle to pass free of Medicaid estate recovery <i>and</i> does not create a transfer penalty	117
Terminating Self-Settled Trusts	It is no longer necessary to obtain Medicaid claims from all three possible Texas payers (TMHP, HHSC, MCOs). Now you can get them all from TMHP.	200
Income	The authors propose an interpretation of HHSC's policies pertaining to treatment of alimony and community	128

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