



Policy Clarification 2022-06-01

Title: Family Medical Trust & Annuity Clearance Requests

Date: June 2, 2022

From: Erin Kelley, Senior Manager

Program(s) Impacted: Family Medical Programs

The purpose of this document is to communicate to staff the directions for submitting trust/annuity clearance requests for Family Medical programs. It is important to note that [PD2020-01-01](#) is not superseded by this document in regards to the separation of the B-6 form itself.

Effective with the release of this clarification, prior to submitting clearance requests to KDHE Policy, staff must first determine if the household would otherwise be eligible without the inclusion of the reported trust/annuity. If the household would not be eligible (e.g. denied due to categorical eligibility, excess income, or CHIP case with OHI reported), a trust/annuity clearance is not needed by KDHE Policy and the case may be denied for the applicable reason. If it is determined that the household is eligible without the inclusion of the trust/annuity, staff will then determine if payments are being received from the trust/annuity and if they are taxable (see [KFMAM 5220.01](#) and [KFMAM 5220.17](#)).

To determine if the consumer is required to pay taxes on the trust/annuity, the case file should be thoroughly reviewed for supporting documentation submitted by the consumer, specifically the documentation below:

Trusts:

- Form 1040 under *Qualified Dividends & Ordinary Dividends*; or
- Form 1041 (Schedule K-1) under *Dividends*

Annuities:

- Form 1040 under *Pensions and Annuities – Taxable Amount*; or
- Form 1099-R under *Gross Distribution*

If there is an amount reported on the forms above, the trust/annuity is taxable and will be countable. If the case file does not include documentation, a collateral contact should be attempted to confirm if 1.) the consumer is receiving payments from the trust/annuity, and 2.) the income is taxable. If it is confirmed by the consumer that they do not receive payments or pay taxes on the trust/annuity, no further verification is needed, and the reported trust/annuity is considered exempt.

If unable to confirm (either verbally or through the case file) that the income is taxable, staff should pend the case for additional verification prior to proceeding with the determination. The KDHE Standard Text for Copy and Paste has been updated to reflect the new verification fragments – under the Verification tab specifically for Family Medical trust/annuity documentation.

Once the verification has been returned by the consumer, staff will utilize the tax documents provided to identify the countable amount based on the documents provided and update the KEES records accordingly. If staff are unable to determine whether the trust/annuity income is taxable, staff will need to send the applicable clearance request form (B-6.1 Annuity or B-6.2 Trust available on the KDHE Policy Website under *Internal Forms*) to the Family Medical Policy Managers for review. The Family Medical Policy Managers will notate within the journal if the trust/annuity is countable and the amount to be included if applicable. If the verification is not returned by the consumer, the case will be denied/discontinued due to failure to provide information.

NOTE: Refer to the KEES User Manual for instructions on requesting a Trust or Annuity Clearance in KEES.

As a reminder, when staff are processing an accelerated/urgent medical request, the task priority should be updated accordingly to reflect the request for KDHE Policy. If a need arises that requires urgent escalation, an email should be sent to the policy mailbox requesting a follow-up on the status of the clearance request.

For questions or concerns related to this document, please contact the KDHE Medical Policy Staff at KDHE.MedicaidEligibilityPolicy@ks.gov.

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Questions regarding any KEES issues are directed to the KEES Help Desk at KEES.HelpDesk@ks.gov.