



STATE OF MICHIGAN

**Department  
of Human  
Services**

**Field Operations Administration**

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**FOA Memo 2014-44**

## Memorandum

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To: BSC Directors  
County Directors  
District Managers  
Date August 20, 2014

From: Terrence M. Beurer  
Director, Field Operations Administration (FOA)

Subject: **Treatment of “Solely for the Benefit Of” Trusts for Purposes of Determining Medicaid Eligibility**

This communication is written to clarify policy requirements regarding the treatment of trusts established solely for the benefit of a community spouse (“SBO trust”) when determining Medicaid eligibility.

Please be advised that all SBO trust assets are deemed countable pursuant BEM 401, page 11 regarding Medicaid irrevocable trusts, which states:

*Count as the person’s countable asset the value of the countable assets in the trust principal if there is any condition under which the principal could be paid to or on behalf of the person from an irrevocable trust.*

Depending on the value of trust assets, this may result in a determination of ineligibility due to excess assets.

If the “Solely for the Benefit Of” requirements at BEM 405, page 11 are met, the transfer of assets into an SBO trust for the benefit of the community spouse will not be considered a divestment.

Because the trust evaluation memos have been revised to comply with policy, eligibility specialists should pay close attention to the SBO trust evaluations as they relate to divestment and the treatment of trust assets as a countable resource.