

Resources and the Medicaid Burial Exclusion

Overview

This document summarizes the burial-related items that will not be counted as resources for the purpose of Medicaid coverage.

Resources are assets that can be converted to cash to meet daily living expenses. Assets include all income and resources for an Applicant/Recipient (A/R) and those of a spouse. This includes assets an individual or a spouse is entitled to but does not receive because of some action by the individual or spouse.

Effective January 1, 2007, applicants for and recipients of Aged, Blind or Disabled Long-Term Care Medicaid coverage are allowed the following burial exclusions.

Resource Exclusions

- Up to \$10,000 of a burial fund is excluded from countable resources.
- Any resource may be designated for burial, if countable.
- A paid-in-full burial space may be excluded. A burial space includes a single burial plot, gravesite, crypt, mausoleum, casket, urn, niche or other container used to hold the deceased body. It includes any necessary and reasonable improvements including vaults, headstones, marker or plaque, burial containers and the opening and closing of the gravesite.
- One container that serves the same purpose as the burial space.
- Family burial spaces within the appropriate degree of relationship (see side panel).
- Burial spaces for immediate family.

Burial assets of more than the \$10,000 exclusion count toward resources.

NOTE: A burial space and associated items being paid on an installment plan cannot be excluded. The amount paid on an installment plan could be applied toward the \$10,000 burial exclusion.



Family Relationships

Spouse

Children, minor and adult

- Natural
- Step
- Adopted, and
- Their spouses

Parents

- Natural
- Adoptive, and
- Their spouses
- Siblings and their spouses. Spouses must still be married to qualify for the burial space exclusion to apply.

For additional details, contact your local county Division of Family and Children Services (DFCS) office.

Burial and Life Insurance Policies

A burial insurance policy can only be used to pay for excluded burial space items if the policy is irrevocably assigned to the funeral home or to the owners of the cemetery. Irrevocably assigned means that the policy assigned to the funeral home cannot be refunded under any circumstances. Notice/verification of the irrevocable assignment from the insurance company issuing the policy must be submitted to the Division of Family and Children Services (DFCS). The notice must show that it has been irrevocably assigned by the member to the funeral director or to the cemetery. Additionally, the title for the plots must pass to the assignor. Only one burial contract and one cemetery contract per recipient or their spouse can be excluded.

- A life insurance policy can be purchased to fund the burial contract. If the policy is itemized, it is treated like a burial contract. If it is not itemized, the state will apply the face value of the policy to the \$10,000 burial exclusion. Anything more than \$10,000 will be applied toward the applicant's resources.
- A burial insurance policy is a contract that does not allow its proceeds to be used for anything other than payment of the insured person's burial expenses.



Burial Contracts

A prepaid (or pre-need) burial contract is an agreement in which a buyer pays in advance for a burial that the seller agrees to furnish upon death of the buyer or other designated individual. A burial contract is usually entered into with a funeral home. A cemetery contract is entered into with the owner of a cemetery. At times, a burial contract may include items pertaining to the gravesite. The prepaid burial contract must show a separate itemized list of paid-for burial space items and the costs to qualify as a total or partial exclusion.

- The refund value of all itemized burial space items that are paid in full according to the contract are excluded under the burial space exemption.
- The refund value of all non-burial space items of an itemized burial contract is applied to the \$10,000 exclusion.
- Any excess refund value is applied toward resources

Burial Funds

Any amount of money may be set aside for burial expenses for a recipient and/or their spouse but only the allowable burial exclusion amount will be exempt as a countable resource.

Funds set aside for burial are counted toward the \$10,000 exclusion. The state does not exclude from resources dividend accumulations of a life insurance policy as part of the value of the policy or the burial contract.

Dividend accumulations are separate resources and must be designated separately to qualify for the burial funds exclusion. (See SSA Program Operations Manual section SI 01130.300 B.7.a.) If ownership of the life insurance policy has been irrevocably assigned, the state assumes, with no evidence to the contrary, that the dividend accumulations are also assigned.

- Interest will be excluded only if it is left to accumulate in the fund. Any dividend or interest distribution made outside of the fund is considered a resource. Assets in the fund that are not exhausted for funeral expenses are subject to Estate Recovery.
- Burial funds may be commingled with other burial-related assets but must be kept separate from non-burial-related assets to be excluded. If funds are commingled, the exclusion does not apply.

NOTE: Any resource designated for burial but not exhausted is subject to Estate Recovery.



For More Information

To learn more about Medicaid's Burial Exclusion, call your local DFCS office.