

2312 - BURIAL FUNDS

POLICY STATEMENT

For ABD Medicaid an A/R or legal representative may designate non-excluded resources as funds set aside for burial for the A/R and/or the A/R's spouse.

There is no burial fund exclusion in Family Medicaid.

BASIC
CONSIDERATIONS

To designate funds for burial the A/R must sign a statement ([Form 985](#)) at application or within 30 days of review that includes the following:

- the value and owner of the resource
- for whose burial the resource is set aside
- the form(s) in which the resource is held (burial contract, bank account, etc.)
- the date the individual first considered the funds set aside for the burial of the person specified.

Any amount may be designated for burial. However, only the allowable burial exclusion amount will be exempt from the countable resource determination.

EXCEPTION: For Q Track applications, accept the A/R's statement regarding designation of burial funds.

If an A/R uses excluded burial funds for a purpose other than the burial arrangements of the A/R or the A/R's spouse for whom the funds were set aside, the amount used will be considered as income in the month following the expiration of timely notice. However, this penalty applies only if the A/R's resources would have exceeded the resource limit for the month in which the excluded funds were used had the exclusion not been given.

Any appreciation in the value of excluded burial funds is excluded from resources and income, if left to accrue. Funds may be considered designated prior to eligibility, and any appreciation of the funds after the date of designation may be excluded.

Additional amounts can be added to the original designation until the excluded amount reaches the maximum allowed. Accumulated interest, if left to accrue, earned on the original exclusion is not included in determining if the maximum exclusion has been reached.

Whether an A/R's class of assistance (COA) is non-FBR or FBR will determine the following:

**BASIC
CONSIDERATIONS
(cont.)**

Non-FBR COAs

- the types of resources which may be designated
- the amounts which may be excluded
- whether or not the burial funds may be commingled.

Non-FBR A/Rs and the community spouse may designate ANY non-excluded resource, liquid or non-liquid. **EXCEPTION:** Funds designated for burial must be owned by the individual or jointly owned between the A/R and spouse. Contracts (promissory notes, loans or property agreements), automobiles, and CSV of life insurance which caused an excess in the burial exclusion limit may not be designated as burial funds.

The change in Burial Funds policy is effective July 1, 2005. However, it is to be implemented with applications (including three prior months) and reviews beginning January 1, 2007. The maximum burial exclusion is \$10,000 for the A/R and \$10,000 for the A/R's spouse. Any amount may be designated for burial, but only up to the cumulative amount of \$10,000 may be excluded. **This maximum includes the FV of life insurance ([Section 2323](#)), burial contracts ([Section 2311](#)) and burial funds.**

FBR COAs

FBR A/Rs may designate non-excluded, **liquid** resources only as burial funds. Non-liquid resources cannot be designated for burial.

The maximum burial exclusion for FBR A/Rs is \$1500 for the A/R and \$1500 for the A/R's ineligible spouse. Any amount may be designated up to the limit. This is the maximum including the FV of life insurance ([Section 2323](#)) burial contracts ([Section 2311](#)) and burial funds.

**All ABD
Medicaid COAs**

Designated burial funds **CANNOT** be commingled with **non-burial funds**. If the A/R wishes to designate only a portion of a liquid resource, the A/R must put the designated portion into a separate account/instrument.

Types of designated funds may include the following:

- financial accounts, such as savings, checking accounts, CDs, stocks, bonds, etc.
- the CSV of non-excluded life insurance policies (FBR COAs only).
- amounts paid toward installment burial contracts
- non-excluded portions of revocable burial contracts
- cash.

Burial funds may be designated retroactively to 4/1/88, if they are separately identifiable and can be tracked.

**BASIC
CONSIDERATIONS****All ABD
Medicaid COAs
(cont.)**

In order for the funds to be designated retroactively, the funds must still be available at the time of application, unless spent on a now deceased A/R's burial.

Non-FBR A/Rs: If the burial funds are commingled with non-burial funds, allow the exclusion, but require that they separate the funds within 30 days. Verify that the separation of funds has occurred. Designated burial funds may be in excess of the burial exclusion limit and not have to be separated (property); however, the excess will be a countable resource.

Once the date that burial funds were considered as set aside for burial has been established **for FBR COAs**, the exclusion may be applied the following month, provided the following month is no earlier than the first month of Medicaid eligibility.

PROCEDURES

**All ABD
Medicaid COAs**

Reduce the \$1500/\$10,000 burial funds exclusion by the value of any of the following assets owned by the A/R and deemor:

- the face value of burial insurance policies. See [Section 2323](#).
- the face value of any life insurance policy (whole or term). .
For Non-FBR A/Rs:
 - ◆ All or part of the FV of one spouse’s insurance may NOT be applied to the other spouse’s burial exclusion. See [Section 2323](#).
 - ◆ If the FV was not used to reduce the burial exclusion amount, then the CSV of the life insurance is a countable resource.
- the non-excluded portion of any pre-need burial contract. See [Section 2311](#)
- funds set aside for burial (less any interest/dividends left to accrue). Funds designated for burial must be owned by the individual or jointly owned between the A/R and spouse

Use the value of the burial assets in the most advantageous way for the A/R/deemor so that it does not exceed the \$1500/\$10,000 burial exclusion.

**Determining the
Resource
Value of Burial Funds at
Application and Review**

For future reviews, when burial funds include both excluded and countable assets, determine the ratio of the non-excluded portion of the fund to the excluded portion by dividing the value of the non-excluded portion by the total amount of the commingled funds. Carry the quotient to 3 decimals.

NOTE: The decimal is also used to project interest income earned on the non-excluded portion.

Verify the current value of the designated resource.

Determine what portion of the current value is a countable resource by multiplying the above decimal by the current total value.

NOTE: The same ratio (decimal) may be used every year as long as there are no deposits or withdrawals from the total designated fund. Otherwise a new ratio calculation is required.

Refer to Appendix F, for “Burial Exclusion” form to help complete the value of burial funds.

At each review, verify the current value of the total designated resource and multiply it by the non-excluded percentage of the resource to determine the current resource value of the non-excluded portion.