

2312 - BURIAL FUNDS**POLICY STATEMENT**

For ABD Medicaid an A/R or deemor 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) 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 account, etc.)
- the date the individual first considered the funds set aside for burial of the person specified.

EXCEPTION: For QMB, SLMB, QI-1 AND Q1-2 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. Funds may be considered designated prior to eligibility and any appreciation of the funds after the date of designation may be excluded.

Any appreciation in the value on the non-excluded portion of designated burial funds is a resource if retained beyond the month the interest is payable (first available). Refer to Chart 2399.1, Treatment of Income in ABD Medicaid, for information on the income treatment of interest earned on burial funds.

Additional amounts can be added to the original designation until the maximum exclusion has been designated. Accumulated interest earned on the original exclusion is not included in determining if the maximum exclusion has been reached.

**BASIC
CONSIDERATIONS
(cont.)**

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

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

Non-FBR COAs

Non-FBR A/Rs may designate ANY non-excluded resource, liquid or non-liquid.

The maximum burial funds exclusion is \$5000 for the A/R and \$5000 for the A/R's ineligible spouse. Any amount may be

Burial funds may be commingled with non-burial funds if they are separately identifiable.

Burial funds may be designated retroactively to 4/1/88 if they are separately identifiable and can be tracked. For purposes of identification, consider burial funds to be first in and last out in commingled accounts.

For future reviews, when funds are commingled, 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 designated. 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.

**BASIC
CONSIDERATIONS
(cont.)****FBR COAs**

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

Types of designated funds may include the following:

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

Designated burial funds **CANNOT** be commingled with non-burial funds.

If the A/R wishes to designate a portion of a liquid resource, the A/R must put the designated portion into a separate account/instrument. The exclusion becomes effective the month after the separation of funds.

An A/R may designate retroactively to 4/1/88 as long as no withdrawals were made from the funds for reasons other than burial expenses.

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

Consider the current cash value as of the first day of the month for which the fund is excluded as a burial fund to be the principal amount of the burial fund.

The maximum burial fund 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.

PROCEDURES

Non-FBR COAs	Apply the \$5000 limit to any resource(s) the Non-FBR designates as burial funds. Consider the remainder to be a countable resource(s).
FBR COAs	<p>Reduce the \$1500 burial funds exclusion by the value of any of the following assets owned by the A/R and deemor:</p> <ul style="list-style-type: none"> • the face value of burial insurance policies • the face value of any life insurance policy on the A/R or A/R's s if the CSV was excluded because the total FV of all policies held on each person did not exceed \$1500 • the non-burial space portions of irrevocable burial trusts or contra <p>Use the amount of \$1500 remaining after all the above are subtracted as the amount of burial funds the individual (A/R or deemor) is allowed to exclude.</p>
Determining the Resource Value of Burial Funds at Application and Review	<p>At the time of the initial designation, determine the ratio of the non-excluded portion of a designated burial resource by dividing the value of the non-excluded portion by the total amount of the designated resource. Carry the quotient to three decimals. Use this figure to determine the non-excluded, countable resources value of the designated burial resource at future reviews.</p> <p>At each review, verify the current value of the total designated resource and multiply it by the non-excluded percentage of the designated resource to determine the current resource value of the non-excluded portion.</p>