

**2311 - BURIAL CONTRACTS (PRE-PAID OR PRE-NEED)  
AND BURIAL SPACE ITEMS**

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| <b>POLICY STATEMENT</b>                             | The treatment of burial contracts and burial space items is dependent upon whether an A/R's class of assistance (COA) is FBR, Non-FBR or Family Medicaid.  |
| <b>BASIC CONSIDERATIONS</b><br><br><b>Contracts</b> | <p>A prepaid (or pre-need) burial contract is an agreement whereby 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 with a funeral home and may include coffin, vault, flowers, embalming, cremation, etc. A cemetery contract is with owners of a cemetery and may include opening/closing of the grave, maintenance of the gravesite, mausoleum, headstone, etc. At times a burial contract may include items pertaining to the gravesite.</p> <p>All burial contracts purchased in Georgia are, by state law revocable. Assume that all other contracts are revocable unless the A/R provides proof to the contrary. Treat any burial contracts that are irrevocable the same as revocable contracts.</p> <p>A non-itemized contract does not indicate the cost of each item.</p> <p>Only one burial contract and one cemetery contract designated on a particular individual may be considered for exclusion from resources.</p> <p><b>NOTE:</b> For Non-FBR ABD Medicaid COAs, treat a life insurance policy that is purchased to fund a prepaid burial contract in the following way:</p> <ul style="list-style-type: none"> <li>• if the contract is itemized, treat as a burial contract. See Procedures in this section.</li> <li>• if the contract is not itemized, treat as a life insurance policy. See <a href="#">Section 2323</a>.</li> </ul> <p>In either case, the face value should be equal to the purchase price of the burial contract. If the life insurance policy has not been irrevocably assigned to the funeral home then the contract is not considered as paid in full. Notice of the irrevocable assignment must be received.</p> |
| <b>Burial Space Items</b>                           | <p>Burial space items may be part of a burial contract or owned outright. The following are burial space items:</p> <ul style="list-style-type: none"> <li>• burial plot</li> <li>• grave site</li> <li>• crypt</li> </ul>   |

**BASIC  
CONSIDERATIONS**  
**Burial Space Items  
(cont.)**

- mausoleum
- casket
- urn
- niche
- other repository customarily and traditionally used for the deceased's bodily remains.

The term burial space item also includes necessary and reasonable improvement for additions to such spaces, including but not limited to the following:

- vaults
- headstones, markers or plaques
- other burial containers for caskets
- arrangements for the opening and closing of the gravesite
- contracts for the care and maintenance of the gravesite, sometimes referred to as endowment or perpetual care.

Only the value of burial space items, which are paid in full, may be exempt from resources and the burial exclusion policy. If the A/R and deemor own burial assets in excess of the burial exclusion limit, the excess is considered as a countable resource to be applied toward the resource limit of the appropriate COA.

**NOTE:** Examples of Non Burial space items: Services, Embalming, Cremation, Flowers, Cards, Newspaper, Death Certificates, Service Vehicle etc... This list is not all inclusive.

**Immediate Family**

Immediate family includes the Medicaid individual's spouse; minor and adult natural, adopted and step children and their spouses; natural and adoptive parents and their spouses, siblings and their spouses. If the relationship to the A/R is by marriage only, the marriage must be in effect in order for the burial space exclusion to continue to apply. Immediate family does not include members of an ineligible spouse's family unless they are also within the appropriate degree of relationships to the Medicaid individual.

**PROCEDURES**  
**Family Medicaid**

Exclude up to \$1500 of the combined equity value (EV) of all burial contracts and one burial plot per each AU or BG member. Count the EV of any additional plot(s) toward the **resource limit**. Changes in the burial contract policy are effective July 1, 2005.

**Burial Contracts  
Non-FBR Medicaid  
COAs**

However, implement the policy for applications (including the three prior months) and reviews beginning January 1, 2007. Non-FBR A/Rs may exclude up to a total of \$10,000 for burial purposes. This includes the FV of life insurance policies ([Section 2323](#)), funds set aside for burial ([Section 2312](#)) and the EV of burial contracts.

**PROCEDURES**

(cont.)

**Burial Contracts  
FBR Medicaid COAs**

FBR A/Rs may exclude up to a total of \$1500 for burial purposes. This includes the FV of life insurance policies ([Section 2323](#)), funds set aside for burial ([Section 2312](#)) and the EV of burial contracts.

**Burial/Cemetery  
Contracts and  
Burial Space Items  
ABD Medicaid COAs**

Obtain an original copy of each burial/cemetery contract to verify the following:

- for whom the contract is designated
- that the contract is with a business that conducts funeral services or operates a cemetery
- if the contract is itemized
- the value of items at time of purchase
- whether the contract was paid in full at time of purchase

Obtain a statement from the provider as to the current refund value of the contract and if it is paid in full.

If the contract is not paid in full, obtain a statement showing which, if any items, are paid in full and the amount currently owed on the unpaid items.

If the contract is paid in full but does not include the cost of burial space items, count the entire refund value as a resource toward the burial exclusion limit.

Count as a resource toward the burial exclusion limit the entire refund value of a non-itemized revocable burial contract owned by an ABD A/R or deemor. **NOTE:** Allow reasonable time for the A/R to have the contract itemized, if possible.

For a revocable, paid in full, itemized burial contract, that is owned by the ABD A/R or deemor and designated for the A/R, his/her spouse or A/R's immediate family member:

- Count as a resource toward the burial exclusion limit the refund value of all non-burial space items or the portion that is used toward the burial exclusion
- Totally exclude the refund value of all burial space items.

**NOTE:** See "Determining the Current Resource Value of the Non-Burial Space items Included in a Burial Contract" on page 4 of this section.

Count as a resource burial space items owned by an A/R or deemor if they are designated for anyone other than a member of the A/R's immediate family or they are not designated for use by a specific individual.

**PROCEDURES**

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|---|--|
| <b>Burial/Cemetery Contracts and Burial Space Items ABD Medicaid COAs (cont.)</b>                         | <p>Allow the burial space items exclusion in addition to, and not as part of, the burial funds exclusion.</p> <p>Exclude only one per person of burial space items that serve the same purpose, such as a casket or an urn.</p>  |
| <b>Determining the Current Resource Value of the Non-Burial Space Items Included in a Burial Contract</b> | <p>If the contract is paid in full and includes the cost of burial space items, follow the steps below to determine the current resource value to include in computing the burial exclusion limit :<br/>Refer to Appendix F, for the “Burial Exclusion” form.</p>  |
| <b>Step 1</b>   | Determine the current refund value of the contract by contacting the provider.   |
| <b>Step 2</b>   | Determine the dollar amount of the original contract that represents the value of non-burial space items.  |
| <b>Step 3</b>   | Divide the dollar amount from Step 2 by the total dollar amount paid for the original contract. Carry to three decimal points.   |
| <b>Step 4</b>   | Multiply the quotient from Step 3, which is the percentage of the contract that represents non-burial space items, by the current refund value of the contract from Step 1.  |
| <b>Step 5</b>   | Count the result of Step 4 as the current resources value of the contract.   |
|   | <b>NOTE:</b> This percentage determined by Step 3 may be used at each review to determine the current resource value of the contract.  |
| <b>Burial Contracts Designated as Burial Funds</b>  | <p>Allow the A/R to designate a non-excluded burial contract or all or a portion of the non-excluded items in a burial contract as a burial fund up to the allowable burial exclusion limit (\$10,000/\$1500).</p> <p>If a burial contract is not paid in full, allow the A/R to designate the burial space items included in the contract only as a burial fund <b>unless</b> the contract or funeral home verifies that full payment has been satisfied on a particular burial space item, and the item is available for use before the contract has been paid in full. If the burial space item is partially paid, count the partial payment as a resource toward the burial exclusion limit (\$1500/\$10,000).</p> |

**PROCEDURES**

(cont.)

**Significant Hardship**

Consult the Field Program Specialist for instructions if the A/R claims that selling or cashing in of a burial contract will cause significant hardship.

**Resource Treatment of Interest Earned on Burial Contracts**

Exclude from resources any interest or appreciation of value left to accrue on the excluded portion of a burial contract.

Count as a resource any interest left to accrue on the non-excluded portion of a burial contract.

If burial assets are used for a purpose other than the designated person(s), assume that non-excluded assets and interest were used first. A penalty applies to the use of excluded funds and excluded interest.

**Documentation and Verification of Burial Space Items**

If an A/R alleges owning only one of a particular burial space item, or an A/R and spouse allege owning no more than two, assume that the items are designated for the A/R and spouse. Document the allegation in the case record.

If an A/R or A/R and spouse allege owning more than one (or two for the A/R and spouse) of a particular burial space item, obtain a signed statement ([Form 987](#)) showing the name and relationship of the person for whose burial each item is designated.

Verify the CMV and EV of all non-excluded burial space items using [Form 986](#), found in Appendix F. Document the case and system appropriately.

**Burial Plots  
ABD Medicaid COAs**

Exclude from resources only the burial plots owned by an ABD A/R or deemor that are designated for immediate family members. Count as a resource those owned for others.

Document the A/R's statement as to the number of burial plots owned.

**Computing  
Burial Assets**

Refer to the "Burial Exclusion" form in Appendix F and compute 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
- the face value of any life insurance policy (whole or term) on the A/R or A/R's spouse. For Non-FBR A/Rs:

**PROCEDURES****Computing  
Burial Assets  
(cont.)**

- ♦ If the FV was not used to reduce the burial exclusion amount, then the CSV of the life insurance is a countable resource.
- ♦ All or part of the FV of an A/R's life insurance may not be designated for his/her spouse. See [Section 2323](#).
- The non-excluded portion of any pre-need contract.
- 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. See [Section 2312](#).

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