

---

RESOURCES

---

TYPES OF RESOURCES

---

5. Burial  
Funds

Burial funds are:

- revocable burial contracts;
- revocable burial trusts;
- other revocable burial arrangements (including the value of certain installment sales contracts for burial spaces);
- cash;
- financial accounts (e.g., savings or checking accounts); or
- other financial instruments with a definite cash value (e.g., stocks, bonds, certificate of deposit, etc.).

These funds must be clearly designated for the client's or spouse's burial, cremation or other burial-related expenses. Property other than that listed in this definition will not be considered burial funds and may not be excluded under the burial funds provision. For example, a car, real property, livestock, etc. are not burial funds.

**Burial funds cannot be commingled with other resources not intended for burial. The burial fund exclusion applies only if funds set aside for burial expenses are kept separate from all other resources not intended for burial. If excluded burial funds are mixed with resources not intended for burial, the exclusion will not apply to any portion of the funds. It is possible to have excluded and nonexcluded funds commingled provided all funds are intended for burial, but it is not permissible to have burial/nonburial funds commingled.**

---

---

**RESOURCES**

---

---

**TYPES OF RESOURCES**

---

---

a. SSI Policy

SSI policy allows up to \$1500 in funds set aside for the burial of the individual, and up to an additional \$1500 in funds set aside for burial of the individual's spouse (eligible or ineligible).

b. Liberalized Policy

For Medicaid cases eligible for the liberalized policy provisions, effective 10-01-89, there is a \$3000 maximum that can be excluded for burial of the individual, and up to \$3000 allowed for burial of the individual's spouse (eligible or ineligible).

Effective 04-01-01, the maximum that can be excluded for burial of the individual is \$6,000 and up to \$6,000 is allowed for burial of the spouse (eligible or ineligible).

c. Reductions in Maximum Exclusions

The maximum \$1,500 or \$6,000 that can be excluded is reduced by:

- the face value of any life insurance policy on the individual (or spouse, if applicable), if such policy is excluded under the life insurance exclusion; and
- any amount held in an irrevocable trust, burial contract, or other irrevocable arrangement for the individual's (or spouse's) burial expenses except to the extent that it represents excludable burial spaces.

---

---

**RESOURCES**

---

---

**TYPES OF RESOURCES**

---

---

d. Irrevocable Burial Arrangements

Irrevocable burial arrangements are not resources and are not subject to the \$1,500 or \$6,000 maximums; however, irrevocable burial arrangements reduce the amount of the burial fund exclusion allowed. Burial insurance is considered an irrevocable arrangement.

The value of the burial arrangements purchased must be equal to the value of the vehicle that funds it, such as the value of the prepayment, life insurance or annuity that is irrevocably assigned to the funeral home.

If the value of the burial arrangement is not equal to the value of the prepayment, a penalty may be assessed under the transfer of assets provision for institutionalized clients.

e. Designation of Burial Funds & Effective Date

Burial funds may be designated as such by:

- An indication on the burial funds document such as a revocable burial contract or the title on a bank account. Whenever burial funds are already clearly set aside as burial funds, no separate signed statement or further designation is required.
- Completion of DOM-321B, Designation of Burial Funds form. This form provides documentation of the value and owner of the resource, the person for whom the funds are intended, the form in which the funds are held, and the date the funds were set aside for burial.

---

---

**RESOURCES**

---

**TYPES OF RESOURCES**

---

Once the date that burial funds were considered set aside for burial has been established, the exclusion can be effective as of:

- The first of the month of application or the first month or retroactive eligibility if the intent to designate was after 11/01/82; or,
- October 1, 1989, is the first possible month to exclude up to \$3,00 under the liberalized resource policy provision.
- April 1, 2001, is the first possible month to exclude up to \$6,000 for burial.

f. Changes in Burial Exclusion Amounts

Interest earned on excluded burial funds and appreciation in the value of excluded burial arrangements are excluded as income and resources if left to accumulate and become part of the separate burial fund. However, once a burial fund is excluded, it may not always remain excluded. Changes in the individual's circumstances may raise or lower the amount that can be excluded for burial, such as:

- The purchase of additional life insurance with cash surrender value may change the allowable exclusion. Similarly, cashing in life insurance may raise or lower the allowable exclusion.
- The face amount of life insurance may change, thereby changing the allowable exclusion.
- An irrevocable burial contract may be purchased, thereby reducing the allowable burial exclusion.

---

**RESOURCES**

---

**TYPES OF RESOURCES**

---

- Deposits made to bank accounts designated for burial will change the allowable exclusion.
- If the amount designated is less than the maximum exclusion amount, the individual may add additional funds to the burial fund to bring up the original amount to the maximum exclusion amount.

g. Documentation Requirements

Document the case record by use of DOM-321A, Burial Assets Exclusion Worksheet, for each case involving application of the burial fund exclusion. A separate worksheet is required for each person eligible to receive an exclusion, which includes:

- an eligible
- a spouse (eligible or ineligible)
- an eligible child
- parent(s) (eligible or ineligible)

Burial funds in excess of the exclusion limit are countable resources.

---

**RESOURCES**

---

**TYPES OF RESOURCES**

---

The burial fund exclusion, once applied, must be reevaluated whenever a change becomes known that would affect the exclusion amount or at each redetermination. It is not necessary for the client/representative to sign a new statement, Form DOM-321B, unless there is a new or revised designation of fund(s). It is necessary to verify the value of the fund(s) designated for burial to determine if the exclusion amount has changed. If there is a change in the amount of the exclusion, a new Form DOM-321A must be prepared. If there is no change from the previous excluded amount, the previous DOM-321A should be updated.

Note: A decrease in the value of any excluded funds will be subject to a penalty for misuse, which is outlined below.

h. Misuse of Burial Funds

If a client or spouse uses funds (including interest) which were excluded under the burial fund exclusion for any purpose other than expenses connected with the burial, cremation, etc., of the individual or the individual's spouse for whom the funds were set aside, any future benefits payable to the eligible individual (and spouse, if any) must be offset by an amount equal to the amount of funds used for some other purpose.

The penalty for misuse applies only if the client would have excess resources without the exclusion.

For Medicaid purposes, count misused burial funds as income the next possible month after the month in which the misuse is discovered. The misused funds will be included as income in the eligibility computations; however, for institutionalized recipients, misused burial funds are not counted as income in the Medicaid Income computation unless the funds are "available to the recipient."

---

**RESOURCES**

---

**TYPES OF RESOURCES**

---

Upon discovery of the misuse of excluded burial funds, the worker will obtain verification (which may be in the form of a statement from the client and/or representative) that all or a portion of the funds have been used for another purpose other than burial. The worker will then determine the effect the misuse will have on eligibility based on income. If ineligibility results, the case will be closed in accordance with ongoing policy, i.e., advance notice issued, etc. If the misuse of burial funds does not result in excess income and the funds are not available to the client to include in the Medicaid Income computation (if applicable), no action is required other than documenting the case record.