

# MISSISSIPPI DIVISION OF MEDICAID

## Eligibility Policy and Procedures Manual

### 302.06.04 DEATH BENEFITS FOR LAST ILLNESS AND BURIAL EXPENSES

Death benefits are received because of another person's death. Examples include:

- Life insurance proceeds
- Social Security death benefits
- Burial benefits from the Railroad or Veterans Administration
- Inheritances
- Gifts from relatives, friends or the community to help with expenses

**NOTE:** Recurring survivor benefits from a pension or retirement plan or the Social Security Administration are not death benefits.

Last illness and burial expenses include: related hospital and medical expenses; funeral, burial plot and interment expenses; and other related expenses.

Death benefits provided to an individual are income to the extent that the total amount exceeds the expenses of the deceased's last illness and burial expenses paid by the individual. Death benefits which are not income are also not a resource for one month following the month of receipt. If retained, the second month following receipt, death benefits are resources.

### 302.06.04A TREATMENT UNDER SSI AND LIBERALIZED RESOURCE POLICY

Procedure
<p><b>Death Benefits</b></p> <p>If death benefits are not considered income, then:</p> <ul style="list-style-type: none"><li>• Month of receipt – excluded</li><li>• Month after receipt – excluded</li><li>• Second Month following receipt – countable resource, if retained</li></ul> <p><b>Exception:</b> If the death benefits are repayment for expenses already paid, they are considered resources the month after receipt, if retained.</p>

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**Death Benefits for Last Illness and Burial Expenses(Continued)**

**Procedure**

**Treatment Under SSI and Liberalized Resource Policy**

**Example:** When her uncle passed away, Beth Smith received \$4,000 as beneficiary of his life insurance policy. She received it in July and anticipates spending the entire amount on his last illness and burial expenses. She has already received bills totaling \$900 that she paid. On August 1, she received a funeral bill for \$2,900 and a few days later received a cash gift of \$500 which she also intends to apply toward last illness and burial expenses. She pays the \$2,900 funeral bill in August and intends to use the remainder of the life insurance to pay some hospital expenses.

**Treatment:** Neither the \$4,000 received in July nor the \$500 received in August is unearned income since it is all expected to be used for burial or last illness expenses. She used \$900 of the \$4,000 in July. As of August 1, she had \$3,100 that is not a resource for August. During August she paid the \$2,900 bill and then had \$200 left. However, the \$500 she receives in August gives her \$700 to use for hospital expenses. She must spend \$200 in August for burial or last illness expenses; otherwise, the \$200 will count as a resource September 1. Any portion of the \$500 remaining as of October 1 will be counted as a resource.

**Example:** Jane Smith has total countable resources of \$1,980 consisting of a \$1,000 savings account and \$980 in checking. Her brother died in late October. In November she receives \$3,000 as beneficiary of her brother's life insurance. She has last illness and burial expenses of \$2,750 to pay. There are no other bills.

**Treatment:** Of the \$3,000 Ms. Smith received, \$250 is unearned income in November because the last illness and burial expenses are only \$2,750. The \$2,750 is not considered unearned income and will not be a resource until January 1, if she still has it at that time. Any of the \$250 remaining will be a resource for December.