

MISSISSIPPI DIVISION OF MEDICAID

Eligibility Policy and Procedures Manual

CHAPTER 300 - Resources

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302.06.05C PRE-NEED BURIAL CONTRACTS

A pre-need burial contract is an agreement between an individual and a funeral home where the buyer pays in advance for his or another person's burial arrangements. If an applicant's resources exceed the allowable limit, he is allowed to establish a pre-need contract to reduce his resources below the limit.

Pre-Need Burial Contracts Including Burial Spaces and Burial Funds

Many pre-need contracts include both burial space and burial fund items. Expenses related to the burial space include: casket, vault, opening/closing costs at the cemetery. Expenses related to the burial fund include: embalming, clothing, visitation room, transportation, flowers.

There are two types of pre-need burial contracts: revocable and irrevocable. Each is described below, as well as, how they are treated in the eligibility determination. Payment for a contract has taken place when an applicant/recipient transfers a liquid resource to the funeral provider or when specific life insurance policies have been designated on the pre-need burial contract.

A liquid resource designated, but not transferred to the funeral provider as payment for a contract, is counted as an available resource. A resource cannot be designated for future payment of a pre-need contract and that resource be excluded as a resource.

302.06.05C1 REVOCABLE PRE-NEED BURIAL CONTRACTS

Revocable contracts may be sold or the money may be refunded. They are considered resources; however, a full or partial exclusion may be developed:

Revocable Contracts That Are Paid in Full

If the value of all the items is provided, both the burial space and the burial fund exclusion may be developed. If the value of the burial space items is not provided, only the burial fund exclusion may be developed.

Revocable Contracts That Are Not Paid in Full

Only the burial fund exclusion may be developed unless the contract verifies the burial space items are paid for and the burial funds items are being paid on.

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Revocable Pre-Need Burial Contracts (Continued)

Procedure

Revocable Pre-Need Contracts - SSI and Liberalized Resource Policy

Verification

- Copy of contract
- Statement from provider of service

Treatment

- Revocable pre-need burial contracts are considered a resource. A burial exclusion may be developed. DOM-321B must be completed and signed
- **If the contract is paid in full:**
 - Any portion of the contract clearly representing burial spaces may be excluded entirely, regardless of value
 - Up to \$1,500 (SSI) or \$6,000 (Liberalized) of the remaining portion of the contract may be excluded as a burial fund
- If the contract is not paid in full, it should be treated as a burial fund unless it is verified that the burial spaces themselves are paid in full and considered "held for" the individual

Example: Mr. Allen applies for Medicaid. He has just purchased a revocable contract at Land of Lakes Funeral Home. The contract verifies it is paid in full and includes the following:

\$1,500	Casket
\$1,000	Vault
\$1,000	Headstone
\$500	Opening/closing costs
\$200	Embalming
\$300	Visitation Room
\$1,000	Funeral service

Because the contract is paid in full, the first four items, which are burial space items, may be excluded under the burial space exclusion. The remaining \$1,500 may be excluded under the burial fund exclusion.

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302.06.05C2 IRREVOCABLE PRE-NEED BURIAL CONTRACTS

Procedure
<p><u>Irrevocable Pre-Need Contracts - SSI and Liberalized Resource Policy</u></p> <p>Irrevocable contracts are not a resource since the money cannot be refunded or the contract sold without significant hardship.</p> <p><u>Verification</u></p> <ul style="list-style-type: none">• Copy of contract• Contact with service provider <p><u>Treatment</u></p> <p>If the contract is irrevocable:</p> <ul style="list-style-type: none">• It is not a resource to the individual• It is not considered a resource retroactive to the date it was purchased• The portion that represents burial funds offsets the burial fund exclusion amount (\$1,500 SSI/ \$6,000 liberalized)• If the contract is not paid in full, the portion paid represents burial funds and is excluded up to the maximum <p>Example: Mrs. Appleton applies for Medicaid. She has a savings account worth \$5,500 and a life insurance policy with a Face Value of \$20,000 and Cash Surrender Value of \$800 that she had designated for her burial. Since her resources exceed the limit, she uses \$4,500 of her savings to purchase an irrevocable pre-need burial contract. A copy of the contract verifies she paid \$1,500 for the casket, \$1,000 for the vault, \$500 for the opening/closing of the grave and \$1,500 for the funeral. Since the contract is irrevocable, it is not a resource and not countable.</p> <p>Treatment of Example under SSI Rules</p> <p>The \$1,500 in the contract for the funeral totally offsets the \$1,500 burial fund maximum. The \$800 CSV of life insurance the client designated for burial becomes a countable resource. Her countable resources are: savings - \$1,000, CSV of life insurance - \$800 = \$1,800 countable resources.</p> <p>Treatment of Example under Liberalized Rules</p> <p>The \$1,500 in the contract for the funeral plus \$800 CSV from the life insurance policy the client designated for burial totals \$2,300 in designated burial funds. Her countable resources are: savings - \$1,000.</p>