

MISSISSIPPI DIVISION OF MEDICAID

Eligibility Policy and Procedures Manual

302.06.05C2 IRREVOCABLE PRE-NEED BURIAL CONTRACTS

Procedure

Irrevocable Pre-Need Contracts - SSI and Liberalized Resource Policy

Irrevocable contracts are not a resource since the money cannot be refunded or the contract sold without significant hardship.

Verification

- Copy of contract
- Contact with service provider

Treatment

If the contract is irrevocable:

- 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

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.

Treatment of Example under SSI Rules

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.

Treatment of Example under Liberalized Rules

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.