

MISSISSIPPI DIVISION OF MEDICAID

Eligibility Policy and Procedures Manual

302.06.05D LIFE INSURANCE FUNDED BURIAL CONTRACTS

A life insurance funded burial contract involves an individual purchasing a life insurance policy on his own and then assigning, revocably or irrevocably, either the proceeds or ownership of the policy to a funeral provider. The purpose of the assignment is to fund a burial contract. Life insurance funded burial contracts are not considered burial insurance.

Effect of the Assignment of Ownership on Burial Exclusion

- **Revocable Assignment**
 - The burial space exclusion does not apply because the items are not paid for until the death of the individual and therefore are not being “held for” the individual
 - The burial fund exclusion may apply. The resource value of the burial contract is equal to the Cash Surrender Value of the life insurance, subject to the maximum burial funds exclusion amount.

- **Irrevocable Assignment**
 - The burial space exclusion may apply if the values of the items are provided.
 - The life insurance policy is not a resource because the individual no longer owns it
 - The contract is not a resource because the individual no longer owns it
 - The value of the burial fund items offsets the value of any other burial funds items up to the allowable maximum

Effect of the Assignment of Proceeds on Burial Exclusion

When life insurance proceeds are assigned, the burial space exclusion does not apply because the provider will not be paid until the death of the individual and spaces are not being “held for” the individual. The resource value of the contract is the cash surrender value of the life insurance policy.

If the Face Value of all life insurance policies for the individual total \$1,500/\$6,000 or less, exclude the CSV under the life insurance exclusion. If the FVs total more the \$1,500/\$6,000, verify and count the CSV toward the resource limit. The burial fund exclusion may apply.