

An Overview of **Treatment of Resources** **and the Burial Exclusion** for Aged, Blind or Disabled Long-Term Care Medicaid Coverage Groups

Overview

Georgia made changes to the burial policy for Medicaid members in 2006. This document clarifies what burial-related items will not be counted as resources.

Resources are assets that can be converted to cash to meet daily living expenses. Assets include all income and resources for an Applicant/Recipient (A/R) and those of a spouse. This includes which an individual or a spouse is entitled to receive, but does not receive because of some action by the individual or the spouse.

Applicants for Aged, Blind, or Disabled Long-Term Care Medicaid coverage on or after January 1, 2007, are allowed to claim the following exclusions to the burial costs. This policy will also be applied to active cases annually when they are determined eligible for Medicaid.

Resource Exclusions

- Up to \$10,000 of a burial fund is excluded from countable resources
- Any resource may be designated for burial, if countable
- A paid-in-full burial space may be excluded. A burial space includes a single burial plot, gravesite, crypt, mausoleum, casket, urn, niche or other container used to hold the deceased body. It includes any necessary and reasonable improvements including vaults, headstones, marker or plaque, burial containers and the opening and closing of the gravesite
- One item that serves the same purpose as the burial space
- Family burial spaces within the appropriate degree of relationship
- Burial spaces for immediate family

NOTE: A burial space and associated items being paid on an installment plan cannot be excluded. The amount paid on an installment plan should be applied towards the \$10,000 burial exclusion.

- Burial assets more than the \$10,000 exclusion count toward resources.

continued



Family

- Spouse
- Children, minor and adult
 - ◆ Natural
 - ◆ Step
 - ◆ Adopted, and
 - ◆ Their spouses
- Parents
 - ◆ Natural
 - ◆ Adoptive, and
 - ◆ Their spouses
 - ◆ Siblings and their spouses
- Spouses must still be married to qualify for the burial space exclusion to apply
- For additional details, contact the local county Division of Family and Children's Services (DFCS)

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Burial and Life Insurance Policies

- A life insurance policy can be purchased to fund the burial contract. If the policy is itemized, it is treated like a burial contract. If it is not itemized, the state will apply the face value of the policy to the \$10,000 burial exclusion. Anything more than \$10,000 will be applied against the applicant's resources.
- A burial insurance policy is a contract whose terms do not allow its proceeds to be used for anything other than payment of the insured person's burial expenses.

A burial insurance policy can only be used to pay for excluded burial space items if the policy is irrevocably assigned to the funeral home or to the owners of the cemetery. Irrevocably assigned means that the policy assigned to the funeral home cannot be refunded under any circumstances. Notice/verification of the irrevocable assignment from the insurance company issuing the policy must be submitted to the Division of Family and Children's Services. The notice must show that it has been irrevocably assigned from the member to the funeral director or to the cemetery. Additionally, title for the plots must pass to the assignor. Only one burial contract and one cemetery contract for a recipient or their spouse can be excluded.

Burial Contracts

A prepaid (or pre-need) burial contract is an agreement in which a buyer pays in advance for a burial that the seller agrees to furnish upon death of the buyer or other designated individual. A burial contract is usually with a funeral home. A cemetery contract is with the owner of a cemetery. At times, a burial contract may include items pertaining to the gravesite. The prepaid burial contract must show a separate itemized listing of paid-for burial space items and the costs to qualify as a total or partial exclusion.

- The refund value of all itemized burial space items that are paid-in-full according to the contract are excluded under the burial space exemption.

- The refund value of all non-burial space items of an itemized burial contract is applied to the \$10,000 exclusion.
- Any excess refund value is applied toward resources.

Burial Funds

Any amount of money may be set aside for burial expenses for a recipient and/or their spouse but only the allowable burial exclusion amount will be exempt as a countable resource.

Funds set aside for burial are counted toward the \$10,000 exclusion. The state does not exclude from resources dividend accumulations of a life insurance policy as part of the value of the policy or the burial contract. Dividend accumulations are separate resources and must be designated separately to qualify for the burial funds exclusion (See SI 01130.300 B.5.b.). If ownership of the life insurance policy has been irrevocably assigned, the state assumes, with no evidence to the contrary, that the dividend accumulations are also assigned.

- Interest will be excluded only if it is left to accumulate in the fund. Any dividend or interest distribution made outside of the fund is considered a resource. Assets in the fund that are not exhausted for funeral expenses are subject to Estate Recovery.
- Burial funds may be commingled with other burial related assets but must be kept separate from non-burial-related assets to be excluded. If funds are commingled, the exclusion does not apply.

Estate Recovery: Any resource designated for burial but not exhausted is subject to Estate Recovery.