

Virginia Department of Social Services
Medicaid Fact Sheet #42
BURIAL FUNDS

The following information is given as a guideline only. In order to determine Medicaid eligibility, an application must be filed with the local department of social services in the area in which you live.

Burial Funds are funds specifically set aside and clearly designated for an individual's or his spouse's burial, cremation or other burial-related expenses. It is possible to set aside funds to pay for your or your spouse's funeral and burial expenses and not have these funds counted when you apply for or receive Medicaid.

\$3,500 Limit: Most Medicaid recipients can set aside \$3,500 to help pay for their funeral and burial expenses. If you are married, you can also set aside \$3,500 for the funeral or burial expenses of your spouse. Medicaid will not count this amount when determining eligibility if you have no other burial arrangements.

\$1,500 Limit: If you are eligible for Medicaid because you receive cash assistance from Supplemental Security Income or the Auxiliary Grants Program, you need to know that these programs exclude only \$1,500 for burial funds. Also, if you are eligible for Medicaid because you are a Qualified Disabled and Working Individual you may only exclude \$1,500 in funds for burial.

Burial Space Items: Burial space items include, for example, caskets; headstones (including engraving), vaults, urns, burial plots and expenses for opening and closing the grave. Burial space items are not counted when they have been paid for or are included in a funeral contract that has been paid for either through cash, a burial trust or an insurance policy and assigned to a funeral home. When a funeral is being paid for through an installment contract, the value of burial space items is not exempt until the payments for those items has been made.

Life Insurance Funded Funerals: A life insurance funded burial contract involves purchasing a life insurance policy and using the proceeds of the policy to pay a funeral home for the expenses of a funeral which you have arranged in advance. You make a funeral contract for goods and services prior to your death and assign a life insurance policy to a funeral home in payment for the funeral. In some cases, the funeral home works with an organization, which holds the insurance policy in trust for your funeral. Once you have transferred ownership of the policy to a funeral home or to an organization which will hold the policy in trust for your funeral, the cash value of the life insurance policy will not affect your eligibility for Medicaid. The value of the life insurance policy is not counted when determining your Medicaid eligibility because you no longer own it. There is no limit on the cost of a funeral you purchase. If the value of the funeral you purchase, excluding burial space items, does not exceed the limits discussed above, you may be able to increase the amount of your burial funds.

Trusts: Funds placed in a trust designated to pay for a funeral and burial expenses may be exempt in determining Medicaid eligibility. The funds in a revocable trust or an irrevocable trust you establish may be exempted when Medicaid eligibility is determined. The nonexempt funds will be counted as a resource. If a funeral director establishes an irrevocable trust to pay for your funeral and burial expenses, the funds in the trust are not counted in determining your eligibility for Medicaid.

Additional Funds for Burial: To determine if you can set aside additional funds for your burial expenses, subtract from the limit (\$3,500 or \$1,500) the following:

- The value of any burial insurance you already own;
- The face value of all life insurance policies you own that have a cash surrender value if the total face value of all the policies does not exceed \$1,500;
- The value of any prepaid funeral contract you already own; and
- The value of any burial trust or any irrevocable burial arrangement.

The remainder is the additional amount that you may set aside to pay the cost of your funeral. If the value of the arrangements you have, excluding burial space items, exceed the allowed limit (\$3,500 or \$1,500), no funds can be set aside to pay for your funeral.

MEDICAID FACT SHEET #42 - BURIAL FUNDS

FORM NUMBER - d032-03-0838-08-eng

PURPOSE OF FORM - To provide information regarding burial funds.

USE OF FORM - The local agency workers may distribute this form to provide customers with basic burial policy information.

NUMBER OF COPIES - One

DISPOSITION OF FORM - One per inquirer

INSTRUCTIONS FOR PREPARATION OF FORM - The form does not require the addition of any information by the eligibility worker.