

North Dakota Medicaid Burial Provisions

The North Dakota Department of Human Services' allows Medicaid clients to set aside (designate) some funds and related resources (such as life insurance policy, pre-paid burial plans, certificates of deposit (CD), savings accounts, etc.) to cover burials costs.

Amounts set aside for this purpose (burial) won't be counted toward Medicaid's asset limit if they 1) total \$6,000 or less, 2) are designated by a Medicaid applicant or client for that person's burial. Earnings such as interest payments or dividends on life insurance policies, CDs, and other resources set aside for burial are also excluded from the limit. In addition, a burial plot for each family member (eligible or ineligible) will be excluded.

Additional Details:

- An **irrevocable burial arrangement** must be considered towards the burial exclusion.
- Any **funds, insurance, or other property given to another person or entity with the expectation** that it be used for the burial needs of the person applying for or receiving Medicaid must be counted towards the "burial exclusion."

Includes: Any funds set aside in a separate account or used to purchase insurance or any other burial product.

- **Any amount in excess of the \$6,000 burial exclusion is a countable asset** if the fund, insurance, or other property has a cash value, fair market value, or can be cashed in (surrender value).
- When a **"whole life" insurance policy or an annuity is designated for burial**, the premiums paid are considered to be prepayments on the burial. This amount is called the "cost basis," and is different from the "face value" and "cash surrender value" of the insurance policy. Premium payments made by insurance dividends or disability insurance

plans do not increase the "cost basis."

If the life insurance policy or annuity has a "cash surrender value" that is more than the "cost basis," the difference between those amounts is considered earnings, and it is excluded. It is not counted.

- A fund (CD, savings account, etc.) is designated for burial if it is identified that way on the account or by the Medicaid applicant's or recipient's statement. A designated account can have more than one owner, as long as the account is designated for only one person's burial. A burial account does not have to be in the applicant's or recipient's name. Life insurance that is designated for burial, however, must cover the life of the person for whom it is designated (the insured).
- **The burial fund cannot be co-mingled or mixed with other funds.** It must be identifiable. Checking accounts are considered to be co-mingled.
- A person may designate for funeral purposes all or part of the \$3,000 in assets that they are allowed to keep as a Medicaid client. **OVER →**

EXAMPLE:

John Doe buys a pre-paid burial fund for \$8,500. He applies for Medicaid. \$6,000 of the burial fund is excluded for Medicaid. The remaining \$2,500 is counted toward Medicaid's \$3,000 asset limit. John may keep another \$500 in assets and still qualify for Medicaid. In addition, any earnings John received on his \$8,500 prepaid burial fund would not be counted.

- A person may qualify for Medicaid up to three months prior to the month of their application (retro-active coverage).
- If a person designates a burial fund in the month that they apply for Medicaid, that designation is treated as if it occurred during those three prior months. This may allow the person to qualify for Medicaid during the three prior months if the value of their assets is within the program limit (\$3,000). Future earnings on the newly established burial fund will not count toward the limit.
- **Burial funds must be designated before a person's death.**
- When a person applies for Medicaid, the value of any designated burial funds is determined. This involves identifying the value of the prepayments (premiums paid,

deposits, etc.) that are subject to the burial exclusion and asset limit.

- Designated burial funds, other than life insurance, which decreased in value before a person applied for Medicaid, will be considered "redesignated" at its value on the date of the last withdrawal. The balance at that point will be considered the prepayment amount and earnings from that date forward will not count.
- Eligibility workers will subtract any "reduction" from a designated burial fund's earnings first. If there is any remaining "reduction" amount, they will subtract it from the value of the designated burial fund (exception: life insurance burial fund).
- Burial funds can be moved to different accounts or financial institutions without being "redesignated" if the person can prove the original value and the amount of earnings, and these amounts match the new account or financial institution's records.
- The county must release information about the burial fund of a deceased Medicaid client to funeral home personnel upon request.

Frequently Asked Questions:

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- Q - If I have a prepaid burial for \$6,000 AND have also purchased a vault and a coffin, and a headstone, will those items be excluded as well?**
- A -** No. Under the Medicaid burial provision, only the prepaid burial amount would be excluded. Burial space items such as a vault, coffin or headstone would be counted toward the \$3,000 asset limit unless they are part of a \$6,000 preneed burial plan.
- Q - My husband is receiving long term care services and is eligible for Medicaid under the Spousal Impoverishment requirements. I have an SSI burial plan. If I would require Medicaid at a later date, is there a way I can meet the requirements of both the SSI and N.D. Medicaid burial plans?**
- A -** Yes. A prepaid burial fund in the amount of \$6,000 may be established, with \$1,500 designated and the rest designated towards prepaid burial space items.

For information, contact your local county social service office. County contact information is at www.nd.gov/dhs/locations/countysocialserv/index.html.