

ACTION: FINAL
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5101:1-39-27.4 **Medicaid: preneed funeral contracts.**

(A) A preneed funeral contract is an agreement whereby the buyer pays in advance for a burial that the seller agrees to furnish upon the death of the buyer or other designated individual.

(B) If a preneed funeral contract is revocable or salable it is a countable resource. However, any portion of the contract that clearly represents the purchase of a burial space is excludable as a countable resource if it meets the requirements of rule 5101:1-39-32.2 of the Administrative Code.

(C) A burial trust is subject to the trust provisions described in rule 5101:1-39-26.1 of the Administrative Code.

(D) Life insurance funded preneed funeral contracts

(1) A life insurance funded preneed funeral contract involves an individual owning/purchasing a life insurance policy on his or her own life and then assigning, revocably or irrevocably, either the proceeds or ownership of the policy to a third party, generally a funeral provider. The purpose of the assignment is to fund a preneed funeral contract.

(2) For medicaid purposes, the ownership of a life insurance policy may be irrevocably changed to a financial institution or a provider of funeral services for the specific use as an irrevocable preneed funeral contract. Reference rule 5101:1-39-30 of the Administrative Code for the requirements related to the use of life insurance policies to fund a preneed funeral contract.

(E) Dividend accumulations of a life insurance policy as part of the value of the policy or the preneed funeral contract are not excluded. Dividend accumulations are separate resources and must be designated separately in order to qualify for the burial funds exclusion.

(F) Revocable preneed funeral contracts and burial vault contracts payable on demand are considered liquid assets. There is no sublimit for preneed funeral contracts or burial vault contracts, but their value, when combined with all other countable resources, cannot exceed the resource limit. Reference rule 5101:1-39-32.2 of the Administrative Code for the resource requirements relating to burial spaces for medicaid.

(G) Increases in the value of irrevocable preneed funeral contracts which result from accrual on interest or from appreciation in the value of the preneed burial agreement are excluded from countable resources.

Replaces: 5101:1-39-27.4

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