



Policy Memo

KHPA POLICY NO: 2010-08-01	From: Jeanine Schieferecke Senior Manager - Medicaid Eligibility
Date: August 2, 2010	KEESM Reference: 5430(9)
RE: Increase in the Irrevocable Burial Funds Agreement Exemption	Program(s): All Medical

The purpose of this memo is to notify eligibility staff of an increase in the amount of the irrevocable burial funds agreement exemption. This change is effective July 1, 2010.

This change will be incorporated in the Kansas Economic and Employment Support Manual (KEESM) during the next revision scheduled for October 1, 2010.

Background – The 2010 Kansas Legislature passed House Bill 2588, which amended K.S.A. 16-303, increasing the total amount allowed to be designated for funeral services in an irrevocable burial agreement from \$5,000 to \$7,000.

It is important to stress this limitation is specifically for the service portion of the agreement and any miscellaneous expenses. Additional amounts may be included in the irrevocable plan if specifically designated for any of the burial space items listed in KEESM 5430(2). Amounts designated specifically for funeral services under the plan in excess of the \$7,000 limitation are by law revocable and therefore considered available as a resource.

Additions to Existing Agreements - An individual owning an existing irrevocable plan where the service portion of the plan is less than \$7,000 may invest additional amounts in the fund to increase the total deposited amount to \$7,000. Because interest accrued and reinvested in the plan is exempt, these additions to the plan are not considered when establishing the countable value of the plan toward the \$7,000 limit.

Example: An irrevocable burial plan was purchased several years ago with \$5,000 designated for the service portion of the plan. Accrued and reinvested interest in the plan has increased the current value for the service portion to \$7,100. Since the accrued and reinvested interest is exempt in determining the value of the funeral plan, the owner may invest an additional \$2,000 in the service portion of the plan based on the original purchase amount of \$5,000.

Retroactivity – The increase in the exemption limit to \$7,000 is effective retroactively to July 1, 2010. Any

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medical application denied or active medical case closed due to excess resources from failure to apply the new \$7,000 limit to the service portion of an irrevocable funeral agreement on or after that date should be reevaluated for possible eligibility. Staff are asked to apply due diligence in identifying affected cases and reinstate eligibility if warranted.

If you have any questions or concerns about the information in this memo, please contact Tim T. Schroeder at (785) 296-1144 or Tim.Schroeder@khp.ks.gov.