

HOW BURIAL FUNDS CAN HELP PAY MEDICAL EXPENSES

You probably know that Medicaid programs can help Iowans pay medical bills. But did you know having a burial fund can help you become eligible for Medicaid? To be eligible for Medicaid, you must generally have low assets or "resources". For example, if you are single and need help in the home or help paying for nursing home expenses, you must have less than \$2,000 in "countable" resources. (Note that if you are married and need these services, you may be able to keep much more.)

Also, if you have low monthly income, you can be eligible for Medicaid programs that pay your Medicare Part B premium. To be eligible for those programs, your countable resources must be less than \$4,000 if single or \$6,000 if married. Burial funds can help you become eligible for these and other Medicaid programs. This is because certain kinds of burial funds are not counted as a resource. This article is to help Iowans understand how this can work.

There are two ways to put away money for burial expenses. You can do one or the other, but not both.

Earmarked Funds. One option lets you earmark up to \$1,500 for burial expenses. You can do this with a savings account or with the cash value of a life insurance policy. These funds must be kept separate from other monies. For example, if you have a savings account at a bank, the account must say it is for burial expenses. The account title could read "John Jones - Burial Expense Account"

Burial Trusts, Contracts or Insurance Policies. The other option is to set up a Burial Trust, Burial Contract or Burial Insurance Policy. To do this, you must have a written agreement with a funeral home. Also, the trust, contract or policy must be "irrevocable" so that the funds can only be used for burial costs when you die. This option is generally called a "Pre-Need Funeral Arrangement". There is no limit on the amount of money you can use for this option. There are rules that prevent you from using this kind of fund as a way to transfer property to others.

If you need Medicaid to help pay medical expenses, but have too much in "countable" resources, then you may want to consider setting up a burial fund. Doing so will help make sure these bills will be paid and not become an expense for your family. In addition to the resource requirement, there are a number of other rules you must meet to be on these Medicaid programs.

For additional information on Burial Funds and Medicaid eligibility, please contact the Legal Hotline for Older Iowans at 1-800-992-8161. The Legal Hotline for Older Iowans is a project of Iowa Legal Aid that is partially funded by the U.S. Administration on Aging. The Hotline is a free, confidential service for all Iowans 60 and older with questions on non-criminal legal matters.