

Ashley Carson Cottingham
Authorized Signature

Number: APD-PT-16-024
Issue date: 6/21/2016

Topic: Medical Benefits

Transmitting (check the box that best applies):

- New policy
 Policy change
 Policy clarification
 Executive letter
 Administrative Rule
 Manual update
 Other: _____

Applies to (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> All DHS employees | <input type="checkbox"/> County Mental Health Directors |
| <input checked="" type="checkbox"/> Area Agencies on Aging | <input type="checkbox"/> Health Services |
| <input checked="" type="checkbox"/> Aging and People with Disabilities | <input type="checkbox"/> Office of Developmental Disabilities Services(ODDS) |
| <input type="checkbox"/> Self Sufficiency Programs | <input type="checkbox"/> ODDS Children’s Intensive In Home Services |
| <input type="checkbox"/> County DD Program Managers | <input type="checkbox"/> Stabilization and Crisis Unit (SACU) |
| <input type="checkbox"/> ODDS Children’s Residential Services | <input type="checkbox"/> Other (please specify): |
| <input type="checkbox"/> Child Welfare Programs | |

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|------------------------|---|-------------|--|
| Policy/rule title: | Burial Arrangements and Burial Funds | | |
| Policy/rule number(s): | 461-145-0040 | Release no: | |
| Effective date: | 06/21/2016 | Expiration: | |
| References: | Counting Client Assets (CCA) B.9 | | |
| Web address: | 461-145-0040 https://apps.state.or.us/cf1/cf/arm/A/461-145-0040.htm CCA B.9 http://www.dhs.state.or.us/spd/tools/additional/assets/b.htm#burial | | |

Discussion/interpretation:

All prepaid irrevocable burial arrangements, including those funded by an irrevocable assignment of a life insurance policy, must include a contract for the goods and services that are funded by the prepayment. If the prepayment does not include a contract that it funds there is a potentially disqualifying transfer (see OAR 461-140-

0210 to 461-140-030), which could impact Medicaid eligibility. Additionally, if the amount of the prepayment exceeds the value of the contract that it funds, there is a potentially disqualifying transfer.

For life insurance funded burial arrangements where there is an irrevocable assignment the amount of the assignment is considered to be equal to the face value (FV) of the policy assigned. This means, for instance, if the FV of the policy that funds the contract is \$10,000, the cost of the goods and services provided for in the contract must be at least equal to \$10,000. In determining the amount of the disqualifying transfer, though, the value of the burial contract is compared to the cash surrender value (CSV) of the life insurance policy, not the FV of the policy.

Example: Mr. Jones completes an irrevocable assignment of a life insurance policy (FV = \$15,000, CSV = \$8,500) to fund a burial arrangement for goods and services that total \$6,000. Since the cost of the arrangement is less than the FV of the life insurance policy the transfer of the policy is a potentially disqualifying transfer. To determine the amount of the disqualifying transfer subtract the cost of the contract from the CSV of the life insurance policy. In this example the disqualifying transfer amount is \$8,500 (CSV of the life insurance policy) - \$6,000 (the cost of the goods and services provided for in the contract) = \$2,500.

Example: Mr. Smith pays \$7,000 for an irrevocable burial arrangement, but the contracted goods and services only total \$4,000. The difference between the prepayment and the contract that it funds (\$3,000) is potentially disqualifying.

Note: When an individual purchases a burial arrangement the individual must be the owner of the policy, not a family member or other individual.

Implementation/transition instructions:

This policy change is effective 07/01/2016, but does not apply to previously approved burial arrangements.

Training/communication plan:

Review transmittal with staff. Contact central office for technical assistance.

Local/branch action required:

Begin applying this policy for all burial arrangements not previously approved effective 07/01/2016

Central office action required:

Update policy manuals and training material and provide assistance when needed

Field/stakeholder review: Yes No

If yes, reviewed by: Operations Committee, APD-Policy

Filing instructions:

If you have any questions about this policy, contact:

| | | | |
|--------------------|--|-------------|--|
| Contact(s): | Michael Avery (503) 945-6410 Trevor Baker (503) 884-0710 Bill Brautigam (503) 947-5204 Jeff Stell (503) 373-1425 Heather Williams (541) 548-2206 x 340 | | |
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