

How to use funeral planning to become eligible for Medicaid (updated fact sheet - 2015)

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BACKGROUND: One common reason why people are ineligible for Medicaid or SSI is if their assets are over the resource limit. Rather than give money away to make yourself eligible, which can cause a transfer penalty, it is better to find ways either to spend the money or convert it into an exempt form. One way to do this is through pre-paid funeral arrangements.

For both Medicaid and SSI, certain types of funeral arrangements - including burial funds, pre-paid funeral agreements, life insurance, and burial plots - are exempt from consideration as assets. In this way, an applicant can reduce his or her countable assets while also ensuring that their wishes about their funeral are respected.

This Fact Sheet was revised in 2015 to incorporate 2011 changes to New York law governing pre-paid funeral agreements. This memo applies only to New York Medicaid for people age 65+, blind, or disabled. Most other New Yorkers (under 65 who do not have Medicare or SSI) do not have any limit on their assets under new "MAGI" eligibility rules under the Affordable Care Act.

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Article ID: 36

Last updated: 16 Jun, 2015

Revision: 4

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