- The client is expected to receive goods and services with a total FMV at least equal to the amount he paid.

When all of these conditions are met, burial funds are excluded in their entirety for the client and/or his spouse.

The exclusion is determined by the following method, with irrevocable burial funds being used for the exclusion before any other funds.

Step 1: $3,000 Maximum Burial Exclusion

Step 2: Subtract irrevocable burial trusts, irrevocable burial contracts or any other irrevocable burial agreements.

Step 3: Subtract face value of all life insurance policies whether or not these policies are also counted as assets.

Step 4: Subtract revocable burial trusts and any other revocable burial agreements; money set aside for burial (maximum of $1,500, not comingled with other funds).

Step 5: This is the remaining amount of other assets which may be excluded for burial.

EXAMPLE: An unmarried man applies for Medicaid. He has $1,800 set aside for burial and he has just established an irrevocable preneed burial trust, in the amount of $2,000. This totals $3,800 in burial funds. Since he cannot access any of the money in the preneed burial trust, it is excluded first as part of the $3,000 burial exclusion. Of the $1,800 in funds set aside for burial, only $1,000 is excluded. The remaining $800 is counted as an asset and must be removed from the account so that it is not comingled with the burial fund.

Step 1:	$3,000	Maximum burial exclusion
Step 2:	-2,000	Irrevocable burial fund exclusion
	$1,000	Remaining burial exclusion
Step 3:	- 0	Face value of all life insurance policies
	$1,000	
Step 4:	-1,800	Money set aside for burial
	- $800	Counted as asset, must not be co-mingled

EXAMPLE: A married couple purchased an irrevocable pre-need funeral trust for $20,000 from a funeral home. The director of the funeral home placed the funds in an irrevocable arrangement of $10,000 for each person. In addition, each has $1,500 set aside for burial. Because each irrevocable trust exceeds the $3,000 burial fund exclusion, no additional funds are excluded. The excess $7,000 in each irrevocable trust is not an asset. However, the $1,500 set aside for burial for each person cannot be excluded because the irrevocable burial trust meets and exceeds the maximum allowable exclusion. The couple, therefore, has countable assets of $3,000.

EXAMPLE: Same as example above except each person placed $10,000 in an irrevocable trust for burial purposes. The $3,000 maximum burial fund exclusion is excluded from the $10,000 irrevocable burial fund for each. The remaining excess $7,000 in each irrevocable trust is not an asset, because it is not accessible to him. If, however, he enters a nursing home, the $7,000 is considered a transfer of resources. See Chapter 17. This policy does not conflict with the policy about counting life insurance policies as assets. The process described here uses the face value only to determine how much in other funds may be excluded for burial funds.

8. Property Sold With a Land Sale Contract

Property sold with a land sale contract is not considered to belong to the seller as long as a legal contract is in effect.

EXAMPLE: Mr. Jones sold property with a land sale contract to Mr. Smith. Mr. Jones applies for SSI-related Medicaid and the property is not considered his asset because he has a legal contract in effect.

EXAMPLE: Same situation as above, except Mr. Smith defaulted on the contract when he failed to make 3 payments by the terms of the contract. The property is now considered an asset for Mr. Jones because there is no legal contract in effect.