National Funeral Directors Association
Informs Educates Advocates

2011 POLICY

PRESERVE SUPPLEMENTAL SECURITY INCOME (SSI)/MEDICAID ELIGIBILITY EXCLUSION FOR FUNERAL AND BURIAL FUNDS

NFDA Position

That NFDA strongly support retention of the current SSI/Medicaid exclusion for funds set aside for funeral and burial expenses and strongly oppose any effort or initiative to repeal or otherwise limit this exclusion.

Background

Under current law, the Supplemental Security Income Program (SSI) provides that funds set aside for funeral and burial expenses are not treated as resources in determining an applicant's eligibility for SSI. In addition to their own requirements, the Medicaid statutes direct states to use the SSI definition of resources and exclusions from resources for Medicaid eligibility purposes. Consequently, applicants seeking Medicaid are able to prefund funeral and burial arrangements without adversely impacting their Medicaid eligibility.

Discussion

Without this exclusion, many Medicaid recipients could die without adequate funds for a dignified funeral and burial. The vast majority of funeral directors are small, family-owned businesses which cannot subsidize funerals for low-income residents of their communities. Consequently, state and local governments would be forced to allocate public monies to fund this expense, which is currently being covered by the Medicaid recipient using the funeral funds exclusion. In addition, NFDA believes that these exemptions are good public policy in that they recognize the reality of death and the cost of funerals and burials. They are specifically designed to encourage individuals to put personal resources aside to handle that eventuality. In 2004, NFDA was able to preserve this exclusion in the Medicare Prescription Drug Act. In 2005, the NGA, the Medicaid Commission and Congress examined ways to reduce the spiraling costs of the Medicaid program. While asset transfers were on the table, thanks to NFDA, funeral/burial exclusions were not.

With the enactment of the *Patient Protection and Affordability Act,* changes were made in the Medicaid eligibility requirements but thanks to the efforts of NFDA none affected the funeral and burial trust exclusion. With a new majority and Leadership in the House, it is clear that one of their prime initiatives in the 112th Congress will be to reduce Government spending and cut many of the most expensive programs such as Medicare/Medicaid, Social Security and Defense. In that environment, this exclusion could become a target by being lumped in with other asset transfer items. NFDA will strongly oppose any attempt to eliminate this exclusion.

NFDA Governance History:
1998: Committee Action 1/13/98; Policy Board Action 3/30/98
1999: Committee Action 1/26/99; Policy Board Action 3/15/99
2000: Committee Action 2/1/00; Policy Board Action 3/27/00
2001: Committee Action 1/30/01; Policy Board Action 3/19/01
2002: Committee Action 1/29/02; Policy Board Action 3/18/02
2003: Committee Action 1/23/03; Policy Board Action 3/24/03
2004: Committee Action 1/26/04; Policy Board Action 3/15/04
2005: Committee Action 1/18/05; Policy Board Action 3/7/05
2006: Committee Action 1/17/06; Policy Board Action 3/8/06
2007: Committee Action 1/16/07; Policy Board Action 3/26/07
2008: Committee Action 1/14/08; Policy Board Action 3/10/08
2009: Committee Action 1/29/09; Policy Board Action 3/30/09
2010: Committee Action 1/20/10; Policy Board Action 3/08/10
2011: Committee Action 1/27/11; Policy Board Action 3/09/11
Attest: NFDA Policy Board (original resolution) Date: March 30, 1998 File Code: RES031/Policybd