



State of New Jersey

DEPARTMENT OF HUMAN SERVICES
DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES
PO Box 712
TRENTON, NJ 08625-0712
TELEPHONE 1-800-356-1561

JAMES E. MCGREEVEY
Governor

GWENDOLYN L. HARRIS
Commissioner

ANN CLEMENCY KOHLER
Director

Medicaid Communication No. 03-22

Date: November 25, 2003

To: County Welfare Agency Directors
Institutional Services Section Area Supervisors

Subject: Pre-Need Funeral Arrangement/Assigned Insurance Policies

This is to amplify the Division's policy regarding pre-need funeral arrangements where the funding source is an assigned insurance policy(s). This type of arrangement could be in the form of a trust agreement or other written agreement between the applicant/family and the funeral home. In order to determine eligibility the applicant must provide copies of the signed written agreement, letters or other notifications sent to the insurance company regarding the change of ownership and beneficiary and a copy of the pre-need funeral arrangements.

Federal rules regarding trusts and excludable resources permit eligibility to exist when the trust agreement is irrevocable and provides that the State of New Jersey is the first remaining beneficiary of any funds in excess of the actual cost of the funeral.

Assignment of ownership of the life insurance policy is considered effective upon notification to the insurance company of such assignment. Therefore, staff must request from the applicant or family member a copy of the notification sent to the insurance company.

A funeral pre-need arrangement can also be funded by a cash trust or by a newly issued funeral insurance policy. If the pre-need arrangement is funded with cash, please refer to Medicaid Communication No. 92-13, dated March 31, 1992.

Sincerely,

[Handwritten signature of Ann Clemency Kohler]

Ann Clemency Kohler
Director

ACK:Jj

c: Clifton R. Lacy, M.D., Commissioner
Susan Reinhard, Senior Policy Advisor
Department of Health and Senior Services

Jeanette Page-Hawkins, Director
Division of Family Development

Edward Cotton, Director
Division of Youth and Family Services

James Smith, Director
Division of Developmental Disabilities

