



Written Testimony before the Public Health Committee

March 12, 2008

In opposition to House Bill No. 5901 An Act Concerning Prepaid Funeral Contracts

Section 4 of this bill would increase the maximum amount that may be placed in an irrevocable funeral contract from \$5,400 to \$8,500. The department is opposed to such an increase as it will result in significant increased costs to the Medicaid program. Our regional intake staff reports that approximately 75% of Medicaid long-term care applicants establish irrevocable funeral contracts when spending down their assets just prior to qualifying for Medicaid. The \$3,100 increase in funds diverted to irrevocable funeral contracts would not be available to pay for care privately, requiring an earlier effective date for Medicaid payments. Based on an average of 596 long-term care applications granted by the department each month, with approximately 447 establishing these contracts, the additional cost to the state would be about \$16 million on annualized basis. We believe the current \$5400 limit is adequate, especially in light of the fact that an applicant may purchase many funeral-related costs in advance that are excluded from consideration. These include the cost of the grave site, opening and closing of the grave site, the cremation urn or casket, the outer burial container and a headstone or marker. The \$5400 in current statute should be adequate to cover the remaining reasonable costs of a funeral.

For additional information on this testimony or any other legislation concerning the Department of Social Services, contact Matthew Barrett at (860) 424-5012 or via email at matthew.barrett@ct.gov