

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 6866**

**BILL NUMBER:** HB 1332

**NOTE PREPARED:** Jan 2, 2005

**BILL AMENDED:**

**SUBJECT:** Payments for Funeral and Burial Expenses.

**FIRST AUTHOR:** Rep. Saunders

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**  **GENERAL**  
 **DEDICATED**  
 **FEDERAL**

**IMPACT:** State

**Summary of Legislation:** This bill requires the Division of Family and Children to pay funeral director and cemetery expenses incurred for an individual receiving or certified to receive certain public assistance. The bill provides that the Division has a preferred claim against a decedent's estate that has sufficient assets to pay the funeral director and cemetery expenses.

The bill also increases: (1) the reimbursement for funeral director and cemetery expenses for individuals receiving or certified to receive certain public assistance; and (2) the amount contributed from friends, relatives, and the decedent's estate that the Division may not consider in determining the amount to be paid for the funeral director or cemetery expenses.

**Effective Date:** July 1, 2005.

**Explanation of State Expenditures:** *Summary:* This bill increases the maximum payment for a funeral director's expenses to \$1,000 (\$600 under current statute) and to \$800 for cemetery expenses (currently \$400). The additional state expenditures are estimated to increase, potentially by up to \$1.4 M annually, although data is not available to make a precise estimate. The additional expenditures in the Burial Assistance Program would be paid from the state General Fund.

In addition, under current statute, the Director of the Division of Family and Children has some discretion on the amount to pay for funeral director's expenses and for cemetery expenses after taking into account the ability of the estate to pay these expenses. This bill removes this discretion and requires the entire funeral director's and cemetery expenses to be paid, with subsequent recovery by the Division from those estates that are

sufficient to pay all or part of the expenses. Presumably, regarding this recovery provision, the net amounts paid by the state after recovery from the estate could be similar in either situation. However, the bill would increase the administrative burden, time, and legal expenses of the state associated with the recovery of these expenses.

*Background Information:* The Burial Assistance Program, although requiring the deceased to have been a Medicaid recipient, is funded with state dollars only. Any additional assistance payments or legal expenses would represent additional expenditures from the state General Fund. There was an average of about 2,000 unduplicated recipients per year representing an average annual expenditure of about \$1.8 M during the four-year period from FY 2001 through FY 2004 for this program. This bill would require an additional \$1.8 M per year to be paid to funeral directors and cemeteries, some of which may be subsequently recovered from estates. This amount includes both the increase in reimbursement, as well as the requirement that the state pay all of the expenses up front, but with subsequent recovery. This does not include any additional legal expenses that may be incurred in the recovery process.

The maximum increase in expenditures due to this bill is estimated to be \$1.4 M annually. Data isn't available to know how many burials are paid at the current statutory limits, and thus might be expected to lead to additional payments because of the increase in the limits. (Payments not currently at the maximum would not be expected to increase because of the bill.) Because of the data limitation, this estimate is based on the maximum number of burials that could possibly hit the current statutory payment limits. The actual impact should be something less than \$1.4 M.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Family and Social Services Administration (FSSA).

**Local Agencies Affected:**

**Information Sources:** Jenna Walls, FSSA, 317-234-1594.

**Fiscal Analyst:** Alan Gossard, 317-233-3546.