

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6866

BILL NUMBER: HB 1332

NOTE PREPARED: Feb 9, 2005

BILL AMENDED: Feb 8, 2005

SUBJECT: Payments for Funeral and Burial Expenses.

FIRST AUTHOR: Rep. Saunders

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: (Amended) 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 also 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.

Effective Date: July 1, 2005.

Explanation of State Expenditures: (Revised) *Summary:* 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. Expenditures for the Burial Assistance Program are paid from the state General Fund.

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 \$220,000

per year to be paid to funeral directors and cemeteries, some of which may be subsequently recovered from estates. This amount is based on 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.

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.

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