PROFESSIONAL REFERENCE

BONNEY WATSON

What Does Not Count Against a Spend-Down

A plain summary of what your client can buy without it counting against them, how a funeral plan gets locked in, and what we can put in your file. Statute references are included so you can check any of it.

Primary authority: **WAC 182-512-0500 · RCW 18.39.250 · RCW 18.39.255 · RCW 68.40.010**

SECTION 1

Burial Space and Accessories

No dollar limit, and nothing has to be locked in

Cemetery property is left out when Medicaid adds up what a client owns. There is **no limit** on how much, and **nothing has to be made irrevocable** to get it. Your client buys the property and it simply is not counted.

This gets missed constantly, mostly because the list of what counts as cemetery property is much longer than people assume.

Authority: **WAC 182-512-0500(8)**

Conventional gravesites
Subsection (8)(a)

Crypts, niches, and mausoleums
Subsection (8)(b)

Urns, caskets, and other repositories customarily used for remains
Subsection (8)(c)

Vaults and burial containers
Subsection (8)(d)(i), as a necessary and reasonable improvement

Headstones, markers, and plaques
Subsection (8)(d)(ii)

Arrangements for the opening and closing of the gravesite
Subsection (8)(d)(iii)

Contracts for care and maintenance of the gravesite
Subsection (8)(d)(iv). This covers the endowment care fund required on every cemetery property sale in Washington

A burial space purchase agreement, fully or partially paid, plus accrued interest
Subsection (8)(e). A partially paid agreement qualifies

Put that next to an actual cemetery quote and it covers nearly every line on it: the space, the niche or crypt, the urn or casket, the vault, the marker, the interment, and the care fund.

SECTION 2

Whose Burial Space Qualifies

Wider than almost anyone expects

This does not only cover your client. They can also buy cemetery property for close family, and that is left out of the total too. Close family means:

- Spouse
- Parents and adoptive parents
- Minor and adult children, including adoptive children and stepchildren
- Siblings, including adoptive siblings and stepsiblings
- The spouses of any of the above

No dependency or residency requirement

The rule says outright that none of these people have to depend on your client financially or live with them.

What that means in practice: a client over the limit can buy cemetery property for a spouse, both parents, every child and stepchild, every sibling, and each of their spouses, and none of it counts. In a large family that adds up quickly, and most families never find out they had that option.

Authority: WAC 182-512-0500(9)

SECTION 3

Money Set Aside for the Funeral

Why locking it in changes everything

Cemetery property is the easy part. Money set aside for the funeral itself is treated very differently depending on one thing: whether your client keeps the right to take it back.

Keeps the right to take it back: only $1,500 is protected. **Gives up that right:** the whole amount is protected, with no cap. That single choice is the whole rule.

	Revocable	Irrevocable
Authority	`182-512-0500(2)`	`182-512-0500(4)`
Limit	$1,500 each for the client and their spouse	No dollar cap
Test applied	Has to be set aside only for burial or cremation costs	Has to be a sensible amount for an actual funeral
Reductions	That $1,500 shrinks further if the client holds cash-value life insurance, or already has money locked in elsewhere	Not applicable
Growth	Interest and growth stay protected if left in the fund	Stays inside the trust or policy

Two ways this goes wrong

Mixing the money. If burial funds get pooled back in with ordinary savings, they stop being protected. Keeping them separate is not a formality.

Spending it on something else. If protected burial money gets used for anything other than burial, it gets added back in, and whatever is over the limit is treated as income in the month it was spent.

Authority: **WAC 182-512-0500(2) through (7)**

SECTION 4

Making an Arrangement Irrevocable

Two ways to fund it, and they do not lock in at the same speed

We fund plans two ways: an insurance policy through Global Atlantic, or a trust through ClearPoint. Locking the money in works differently in each, and the difference matters a great deal if an application is already moving.

	Global Atlantic / Forethought	ClearPoint
Vehicle	Pre-need life insurance policy or annuity	Prearrangement funeral service contract funded through trust
Mechanism	The client signs the policy over permanently. It goes to us and then straight into the Forethought Trust. They give up the right to cash it in or borrow against it	The client signs an Irrevocable Option box, giving up the right to cancel the contract or get a refund
Authority cited	Contractual, on the carrier's preneed options form. Insurance-funded contracts are governed by `RCW 18.39.255`	`RCW 18.39.250(11)(a)`, referencing public assistance as defined at `RCW 74.04.005`
When effective	**90 days after the policy issue date**, unless the free look provision is waived	On signing
Excess proceeds	Designated to the insured's estate after delivery of all goods and services; the right to change that beneficiary is waived permanently. Note `RCW 18.39.255(4)`: insurance-funded prearrangement contracts must disclose that funds not used for services may be subject to a state claim for reimbursement of long-term care services, with recoupment under `RCW 18.39.250(11)(b)`	Contract designates a person to receive excess. `RCW 18.39.250(11)(b)` requires DSHS to notify the trustee of any prearrangement trust where it has an estate claim for long-term care services, renewed at least every three years
Ongoing obligation	If the policy is on a payment plan, the owner keeps paying premiums after the assignment. A policy paid in full up front has nothing further to pay	Payment schedule continues per the contract
Funeral home not locked in	The right to change the designated funeral firm remains with the owner	Firm may be changed; relocation out of state may require a new trust contract

The 90 day point deserves emphasis

If a client is at or near an application date, the insurance route does not actually lock in for 90 days after the policy is issued, unless the free look period is waived. The trust route locks in the moment it is signed.

If timing is tight, tell us at the outset and we will structure toward the vehicle that meets the date.

An existing plan can usually still be locked in

Irrevocability is an elective, not a default. `RCW 18.39.250(11)(a)` expressly contemplates later conversion: where a beneficiary becomes eligible or seeks to become eligible for public assistance after the contract is entered into, the contract may provide for an election to make the trust irrevocable thereafter. Whether that election exists depends on the contract terms, and **the conversion is processed through the funeral home the arrangement was originally written with.** If your client planned elsewhere, that firm handles it.

This matters because most clients who need this are not planning fresh. They planned years ago and are only now facing a spend-down.

SECTION 5

Working With Us

What we can put in your file, and where we stop

An itemized statement of goods and services
Priced line by line, so the amount set aside can be shown to be a sensible figure for a real funeral

The signed lock-in paperwork
Whichever form applies, with copies for your file

A separate cemetery contract
Space, interment, vault, marker, and care fund, kept separate from the funeral paperwork so the cemetery side is documented on its own

Appointments at the bedside or in facility
We meet clients in skilled nursing, assisted living, hospice, or at home

One person on it
Same contact for the funeral home and the cemetery, rather than two firms and two files

What we do not do

We do not advise on eligibility, we do not touch applications, and we will not tell anyone whether a plan will be approved. That is your work and we stay out of it. What we give you is accurate paperwork showing exactly what was arranged and what it cost, on your timeline.

Direct line

If you have a client with a spend-down underway, call before you need the paperwork. It is far easier to set up correctly at the start than to fix at the deadline.

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Sources

Every citation on this page links to the official text. Full addresses are listed here so a printed copy is still usable.

WAC 182-512-0500 — Burial funds, contracts and spaces excluded as resources
https://app.leg.wa.gov/wac/default.aspx?cite=182-512-0500

WAC 182-512-0450 — Life insurance treated as a resource
https://app.leg.wa.gov/wac/default.aspx?cite=182-512-0450

RCW 18.39.250 — Prearrangement contracts, trusts, refunds (irrevocable election at (11)(a); DSHS estate claim at (11)(b))
https://app.leg.wa.gov/rcw/default.aspx?cite=18.39.250

RCW 18.39.255 — Insurance-funded prearrangement contracts, required disclosures
https://app.leg.wa.gov/rcw/default.aspx?cite=18.39.255

RCW 74.04.005 — Definition of public assistance
https://app.leg.wa.gov/rcw/default.aspx?cite=74.04.005

RCW 68.40.010 — Endowment care fund minimum deposit
https://app.leg.wa.gov/rcw/default.aspx?cite=68.40.010

RCW 68.44.020 — Endowment care principal remains inviolable
https://app.leg.wa.gov/rcw/default.aspx?cite=68.44.020

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