

Senate File 2195 - Introduced

SENATE FILE 2195

BY RIELLY

A BILL FOR

1 An Act relating to payment of medical assistance debts from
2 certain insurance policy and annuity proceeds.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 249A.3, Code Supplement 2011, is amended
2 by adding the following new subsection:

3 NEW SUBSECTION. 15. In determining the eligibility of
4 an individual for medical assistance under this chapter, an
5 insurance policy or annuity purchased to fund a purchase
6 agreement to furnish cemetery merchandise, funeral merchandise,
7 funeral services, or a combination thereof as provided in
8 chapter 523A in which the department is designated as the
9 primary beneficiary of any remaining funds as provided in
10 section 523A.304, shall be excluded as a resource.

11 Sec. 2. Section 523A.301, Code 2011, is amended to read as
12 follows:

13 **523A.301 Definition.**

14 As used in sections 523A.302, ~~and~~ 523A.303, and 523A.304,
15 "*director*" means the director of human services.

16 Sec. 3. Section 523A.303, subsection 1, unnumbered
17 paragraph 1, Code 2011, is amended to read as follows:

18 If funds remain in ~~a nonguaranteed an~~ irrevocable burial
19 trust fund ~~or from the proceeds of an insurance policy or~~
20 ~~annuity made payable or assigned to the seller or a provider~~
21 after the payment of funeral and burial expenses in accordance
22 with the conditions and terms of the purchase agreement for
23 cemetery merchandise, funeral merchandise, or funeral services,
24 the seller shall comply with all of the following:

25 Sec. 4. NEW SECTION. **523A.304 Disbursement of insurance or**
26 **annuity proceeds — medical assistance debts.**

27 1. If an insurance policy or annuity is purchased to fund
28 a purchase agreement and the insured or annuitant is or may
29 become a recipient of medical assistance benefits under chapter
30 249A, unless the primary beneficiary of the policy or annuity
31 is the spouse or disabled child of the insured or annuitant,
32 the insurance policy or annuity shall designate, or shall be
33 amended to designate, the department of human services as the
34 primary beneficiary of any funds that remain from the proceeds
35 of the insurance policy or annuity after payment of funeral and

1 burial expenses in accordance with the conditions and terms of
2 the purchase agreement.

3 2. If the funds remaining from the proceeds of the insurance
4 policy or annuity are disbursed as provided in subsection 1
5 and as otherwise provided in the insurance policy or annuity,
6 if applicable, the seller, provider, or insurer shall not
7 be liable to the director, the estate of the deceased, a
8 personal representative, or any other interested person for the
9 remaining funds and any lien imposed by the director shall be
10 unenforceable against the seller, provider, or insurer.

11 3. This section is applicable to an insurance policy or
12 annuity issued prior to January 1, 2013, that funds a purchase
13 agreement for an insured or annuitant who receives or may
14 receive medical assistance benefits under chapter 249A, and who
15 dies on or after January 1, 2014.

16 4. This section is applicable to an insurance policy or
17 annuity issued on or after January 1, 2013, to fund a purchase
18 agreement for an insured or annuitant who receives or may
19 receive medical assistance benefits under chapter 249A, and who
20 dies on or after January 1, 2013, and on or after the date of
21 issuance of the insurance policy or annuity.

22 EXPLANATION

23 This bill relates to the payment of medical assistance debts
24 from proceeds remaining from insurance policies and annuities
25 purchased to fund the payment of funeral and burial expenses in
26 accordance with the terms of a purchase agreement for cemetery
27 merchandise, funeral merchandise, or funeral services.

28 New Code section 523A.304 provides that if such an insurance
29 policy or annuity is purchased and the insured or annuitant is
30 or may become a recipient of medical assistance benefits under
31 Code chapter 249A, unless the primary beneficiary designated
32 is the spouse or disabled child of the insured or annuitant,
33 the insurance policy or annuity shall designate or be amended
34 to designate the department of human services as the primary
35 beneficiary of any funds remaining from the proceeds of the

1 policy or annuity after payment of funeral and burial expenses.
2 If any funds remaining are disbursed pursuant to such
3 designation and as otherwise provided in the insurance policy
4 or annuity, if applicable, the seller, provider, or insurer of
5 cemetery and funeral merchandise and funeral services shall
6 not be liable to the director of human services, the estate
7 of the deceased, a personal representative, or any other
8 interested person for the remaining funds and any lien imposed
9 by the director for medical assistance debts is not enforceable
10 against such a seller, provider, or insurer.

11 The bill deletes a requirement in Code section 523A.303
12 that a seller, provider, or insurer must provide notice to the
13 director of human services concerning remaining funds from the
14 proceeds of such insurance policies or annuities. The bill
15 also provides that if the primary beneficiary of any remaining
16 funds from the proceeds of such an insurance policy or annuity
17 is designated as required in the bill, the insurance policy or
18 annuity is excluded as a resource in determining eligibility
19 for medical assistance benefits under Code chapter 249A.

20 New Code section 523A.304 applies to an insurance policy or
21 annuity issued prior to January 1, 2013, that funds a purchase
22 agreement for cemetery and funeral merchandise and funeral
23 services for an insured or annuitant who receives or may
24 receive medical assistance benefits under Code chapter 249A,
25 and who dies on or after January 1, 2014.

26 New Code section 523A.304 also applies to an insurance
27 policy or annuity issued on or after January 1, 2013, to fund
28 such a purchase agreement for an insured or annuitant who
29 receives or may receive medical assistance benefits under Code
30 chapter 249A, and who dies on or after January 1, 2013, and
31 on or after the date of issuance of the insurance policy or
32 annuity.