

Asset Tests in Part D Low-Income Subsidy (LIS)/Extra Help and Medicare Savings Programs (MSP): Differences in Treatment of the Burial Disregard

An asset test is a limit on or a set maximum amount of assets (sometimes called resources) a beneficiary can have to maintain eligibility for a specific benefit program. This tip sheet details the alignment of federal and state asset tests for Low-Income Subsidy/Extra Help (LIS) and the Medicare Savings Programs (MSP).

LIS and MSP Asset Alignment

Prior to the Medicare Improvements for Patients and Providers Act (MIPPA) of 2008, states set MSP asset tests. Some states had generous asset tests and some less generous. MIPPA required all states to align their **minimum** MSP asset tests with the asset test for the lowest level of Extra Help/LIS, also known as full-subsidy LIS. Some states still have more generous asset tests.

This minimum asset test applies to all MSPs (QMB, SLMB, QI) except the Qualified Disabled Working Individual (QDWI) program. Additionally, the LIS asset levels for partial-subsidy LIS are higher and not required to align with MSP tests.

Asset Values in Eligibility Charts

The chart below details the minimum asset tests and a \$1,500 asset disregard per beneficiary applied to LIS. Beneficiaries self-report their intention to spend assets for burial purposes in the LIS application in question #5: *“Will some money from the sources listed in question 4 be used to pay for funeral or burial expenses?”*

If the beneficiary answers “yes,” then they receive the \$1,500 per person asset disregard (most answer “yes”). If the beneficiary answers “no,” then the \$1,500 asset disregard will not apply.

2018 Asset Tests			
	MSP Asset Test	+ Burial Allowance =	LIS Asset Test
Individual	\$7,560	+ \$1,500 =	\$9,060
Married Couple	\$11,340	+ \$3,000 =	\$14,340

State Medicaid Burial Disregard

States allow a \$1,500 burial disregard; however, it may apply in a more restrictive manner. For instance, state Medicaid offices may disregard the burial amount only if the beneficiary has a separate account or trust set up for the burial funds. Additionally, the state may require documentation of the separate account. In contrast, the federal LIS application asks

for a self-declaration as to whether the applicant will spend any of their reported resources for burial purposes.

References

Centers for Medicare & Medicaid Services 2/18/10 [Letter to State Medicaid Directors](#) detailing MIPPA asset test changes in section 112

Information on assets can be found in the Social Security Programs and Operations Manual at: <https://secure.ssa.gov/poms.nsf/lnx/0603001005>

NCOA [The ABCs of Completing an LIS/Extra Help Application](#)

NCOA [LIS eligibility chart](#) and [MSP eligibility chart](#)

Social Security Federal Code for burial expenses [20 CFR § 416.1231](#)