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Medicaid & Funeral Planning

A guide for New York families helping a parent through the Medicaid process

A note from our family to yours

When a parent needs Medicaid for home care or a nursing home, a prepaid funeral can be one of the few things you are allowed to pay for without hurting their eligibility. Many families only learn this after the application is filed.

I'm Danielle Moloney-Hassett, a licensed funeral director and Vice President of Moloney Family Funeral Homes. My great-grandfather, James P. Moloney, opened our first funeral home in 1933. We wrote this guide for sons and daughters helping a parent through the Medicaid process on Long Island, so you know your options before the clock starts.

Danielle Moloney-Hassett
Licensed Funeral Director & Vice President

> This guide explains the general rules. It is not legal advice. Every family's situation is different, so please work with your elder law attorney or the Suffolk County Department of Social Services on your parent's application.

How New York Medicaid treats a prepaid funeral

In New York, an **irrevocable pre-need funeral agreement** is generally not counted as an available resource when Medicaid decides whether your parent qualifies. Money moved into one at fair market value also is not treated as a penalized gift (NYS Department of Health, 11 OHIP/ADM-4).

That matters because Medicaid has an asset limit. For 2026, a single applicant in New York can keep about **$33,038** in countable assets, and a married couple applying together about **$44,796** (NYS Department of Health, 2026 standards). Prepaying the funeral is one of the accepted ways to use money above that limit for something your parent will need anyway.

	Irrevocable pre-need agreement	Revocable pre-need agreement
Can the money be refunded?	No	Yes, at any time
Counted by Medicaid?	Generally no, for customary funeral and burial goods and services	Counted, except up to $1,500 of non-burial items
Who it's for	Medicaid applicants and recipients (required by NY law)	Families not applying for Medicaid
Leftover money after the funeral	Goes to the county	Returned to the estate

If your parent already has a revocable agreement worth more than $1,500, it usually needs to be converted to irrevocable before it can be fully disregarded.

What can and can't be included

The agreement should cover customary funeral and burial goods and services, priced at fair market value. Items Medicaid has flagged as not appropriate are treated as a gift, which can delay eligibility.

Usually fine to include	Not appropriate to include
Burial plot, casket or urn, vault, headstone or marker	Food or a reception meal for family and guests
Funeral home services, visitation, funeral ceremony	Lodging for family or guests
Hearse and transportation of your parent	Travel costs for family or guests
Flowers, death notices, preparation and cosmetology	A second agreement for the same person

Your parent may also be able to set aside a separate **supplemental burial fund** of up to $1,500 ($3,000 for a couple), as long as it is kept apart from their other money. Your attorney can tell you whether this applies.

Timing: why sooner is better

Set up the agreement **before** the Medicaid application goes in, and keep the paperwork. Three timing rules are worth knowing:

- **Nursing home Medicaid looks back 60 months.** Caseworkers review transfers made in the five years before the application, including the itemized statement for any funeral agreement.
- **Home care (Community Medicaid) has no look-back in effect yet.** A 30-month look-back was passed in 2020, but as of 2026 it still had not taken effect. Rules can change, so check before you apply.
- **An agreement paid for right before applying still counts for that month.** For a family member's agreement, the money is counted until the month after it is paid, and it can't be used to qualify for months that have already passed.

How to set one up with Moloney

1. **Call us or request a meeting.** Reach any of our seven locations at (631) 588-1515. We can meet at the funeral home, or by phone if your parent can't travel.
2. **Talk with your elder law attorney or caseworker.** Confirm how the agreement fits your parent's Medicaid plan and timeline.
3. **Choose the services and merchandise.** We walk you through each item and its price, so every choice is customary and fairly priced.
4. **Sign the irrevocable agreement and itemized statement.** You receive copies of both for the Medicaid application.
5. **Fund the agreement.** The money is placed in a trust or with an irrevocably assigned insurance policy, held for your parent's funeral only.

What to bring:

☐ Your parent's full legal name, date of birth and Social Security number

☐ Your parent's Medicaid application status, or your attorney's contact

☐ Military discharge papers (DD-214), if your parent is a veteran

☐ Cemetery deed or plot information, if they already own one

☐ Any existing pre-need agreement or burial insurance policy

Common questions

Can I set one up for my parent, or does it have to be them?

Your parent or their spouse can set one up for themselves. New York also allows agreements for close family members (children, siblings, parents and their spouses), and since 2011 those must be irrevocable too.

Is there a dollar limit?

Not for customary funeral and burial goods and services in an irrevocable agreement. The $1,500 limits apply to revocable agreements and separate burial funds.

What happens to leftover money?

If anything remains after the funeral and burial are paid, New York requires it to go to the county, not back to the family. Planning the agreement carefully keeps leftovers small.

What if my parent changes their mind about the arrangements?

The money can't be refunded, but the specific choices can often be adjusted later. Ask us how changes work before you sign.

Does this work if my parent is already on Medicaid?

Often, yes. Recipients can set up an irrevocable agreement too. Check with the caseworker first so it's documented properly.

Questions? We're here to help, with no cost and no obligation.

(631) 588-1515

moloneyfh.com

This guide gives general information about New York Medicaid rules as of 2026. It is not legal or financial advice, and rules change. Confirm your parent's situation with an elder law attorney or your local Department of Social Services.

Sources: NYS Department of Health, 11 OHIP/ADM-4, Treatment of Irrevocable Pre-Need Funeral Agreements; NYS Department of Health, Income and Resource Standards effective January 1, 2026; NYS Department of Health, Before Prepaying Your Funeral, Know Your Rights; South Shore Press, Medicaid Income and Asset Levels 2026.