
**DEPARTMENT
POLICY****Family Independence Program (FIP), State Disability Assistance (SDA) and Medicaid (MA) Only**

Michigan law allows a person to contract and pay in advance for a funeral. This is called a prepaid funeral contract; see BEM 400.

In this item, **the act** refers to MCL 328.211.

General provisions of the act are as follows:

- The **contract seller** is the person/establishment providing the prepaid funeral contract. The seller may be the funeral provider.
- The **funeral provider** is the person/establishment shown in the prepaid funeral contract as agreeing to furnish specified funeral goods and/or services. The provider need not be a party to the contract.
- Contract sellers and funeral providers must be registered with the Michigan Department of Licensing and Regulatory Affairs (LARA).
- The purchaser, beneficiary, funeral provider and/or contract seller decide what funeral goods and services are contracted for.
- Only a **guaranteed price contract** may be certified **irrevocable**.
- Only the Michigan Department of Health and Human Services (MDHHS) may certify a funeral contract irrevocable by completing a DHS 8-A, Irrevocable Funeral Contract Certification.
- Amounts paid for contracted funeral goods and services may be reallocated to other funeral goods and services. However, an irrevocable contract cannot be terminated.
- Interest or dividends earned on an irrevocable contract fund are considered part of that fund and may not be given to the purchaser/beneficiary.

- A DHS-8A, Irrevocable Funeral Contract Certification, cannot be used to certify a life insurance funded funeral or annuity funded funeral as irrevocable.
- Transfers of a funeral contract with an 8A must be purchased as a *prepaid guaranteed price* contract with the funeral provider.

TYPES OF MICHIGAN FUNERAL CONTRACTS

A **guaranteed price contract** fixes the price to be charged for funeral goods and services listed in the contract.

A **non-guaranteed price contract** states clearly that the price of listed goods and services might fluctuate. Actual costs at delivery might be more or less than the amount in the contract fund.

A **revocable contract** can be terminated by the purchaser and the money refunded. The refund might be less than the contract's total value. A contract is revocable **unless** certified irrevocable by DHS using the DHS 8-A.

For program eligibility purposes, an **irrevocable contract** means money in the contract fund, including interest or dividends, is permanently unavailable to the purchaser/beneficiary; see *conditions to certify contracts irrevocable* in this item.

OUT-OF-STATE FUNERAL CONTRACTS

MDHHS can certify as irrevocable a funeral contract with an out-of-state contract seller or funeral provider **only if** the seller **and** provider (if separate) are registered with the Michigan Department of Licensing and Regulatory Affairs. If they are, see *conditions to certify contracts irrevocable* in this item.

A prepaid funeral contract with an **unregistered** out-of-state seller or provider is controlled by the other state's laws. The contract funds are unavailable **if** the contract is irrevocable under the other state's law.

Assist clients needing help to determine the status of out-of-state contracts. Inform them that revocable contracts with unregistered

individuals may be reestablished using sellers/providers registered with the Michigan Department of Labor and Economic Growth.

Local Office Responsibilities

Tell the applicant/recipient in order to certify a funeral agreement as irrevocable they and their funeral director must complete a DHS 8-A (available on the internet or through the funeral director) and return the completed form to the local office. Tell them they must:

- Complete Section I, **and**
- Have the contract seller complete Section II, **and**
- Give DHS a copy of the contract.

Forward the returned DHS-8A and contract to the **local office director or designee** for certification (completion of Section III). If a disapproval is necessary, it must be explained on that form.

A photocopy, email copy, or facsimile (fax) of a DHS-8A is acceptable.

SSI clients might be referred to DHS to have a contract certified irrevocable. The local office must act on these requests as soon as possible.

Note: Funeral contracts certified irrevocable are treated as unavailable assets for SSI.

CONDITIONS TO CERTIFY CONTRACTS IRREVOCABLE

A prepaid funeral contract(s) must be certified irrevocable, **provided all** of the requirements below are met:

1. The contract purchaser requests via DHS-8A that the contract be certified irrevocable.
2. The contract purchaser is
 - The beneficiary, **and**
 - Alive, **and**
 - A FIP/SDA/MA/SSI applicant or recipient.

Note: Someone else may act as purchaser for a living beneficiary **if** the beneficiary's own money is used. The beneficiary's name must follow the person's signature on the DHS-8A (for example, John Smith for Sara Smith).

3. MDHHS has a copy of the contract.
4. The **principal value(s)** (such as amount paid at the time the contract was made, excluding interest or dividends) is not over the Allowable Principal Value explained below.
 - A **revocable** contract(s) with a principal value over the maximum may be ended and a new contract made which can be certified irrevocable. The excess, including interest and/or dividends, is a countable asset.
 - Multiple contracts for a beneficiary may be certified irrevocable **if** the combined principal values are not over the maximum.

Note: The limit is not affected by the types of goods and services contracted for. For example, the value of burial space items is not deducted to decide if the principal value is within the limit.

5. Sections I and II of the DHS-8A are properly completed. This ensures the following:
 - The purchaser/beneficiary has notice of limits on state liability for additional funeral expenses. Covered expenses are included in ERM 306.
 - The purchaser/beneficiary has notice that an irrevocable contract remains irrevocable even if assistance ends.
 - The contract seller asserts that the contract is a guaranteed price contract and complies with the act.
 - The contract seller is registered with the Michigan Department of Licensing and Regulatory Affairs (LARA).

Note: An employer's registration covers his employees. The employer's registration number may be entered in Section II of the DHS-8A.

- The contract seller certifies that all funeral providers listed in, or party to, the contract are registered with the

Michigan Department of Licensing and Regulatory Affairs and complying with the act.

6. Ten or more business days have passed since all parties signed the contract. The purchaser may cancel the contract during this period.

The local office director or his designee is authorized to certify agreements irrevocable.

Note: Prior to 1986 a funeral contract could be funded with a Certificate of Deposit (CD) held at a bank. These pre 1986 contracts can be certified as irrevocable.

Allowable Principal Value

The allowable principal value for a contract to be certified irrevocable is calculated as follows:

- The absolute maximum; see below.
- **MINUS** the amount already assigned to pay the beneficiary's funeral expenses under either:
 - A life-insurance-funded funeral, or
 - An annuity-funded funeral.

Note: The DHS-8A asks for this information.

This deduction applies even if ownership of the life insurance policy or annuity contract has been irrevocably transferred to a funeral director, a trust or another person. This deduction applies regardless of the types of funeral goods and services covered by the assignment.

- **EQUALS** the allowable principal value.

Use the absolute maximum for the date the DHS-8A is received. The absolute maximum is:

- \$16,100 effective June 1, 2026.
- \$15,870 effective June 1, 2025.
- \$15,460 effective June 1, 2024.
- \$14,720 effective June 1, 2023.
- \$13,760 effective June 1, 2022.
- \$13,280 effective June 1, 2021.

- \$13,160 effective June 1, 2020.
- \$13,020 effective June 1, 2019.

**TRANSFER OF
CONTRACTS**

Transfer of a funeral contract to another seller or provider is an issue between the purchaser, contract seller and funeral provider. The parties to the contract are responsible for the transfer. A transferred contract remains irrevocable.

LEGAL BASE

MCL 328.229