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Testimony on House Bill No. 2254

Senate Public Health and Welfare Committee

March 10, 2021

Chairman Hilderbrand and members of the Committee, I am Pam Scott, Executive Director of the Kansas Funeral Directors Association (KFDA). Thank you for the opportunity to appear before you today in support of House Bill No. 2254 which was introduced at the request of the KFDA. This bill passed the House 123-0.

This bill, as amended, would amend K.S.A. 16- 303(c) to increase the limit on the amount of funds a person can place in an irrevocable prearranged funeral agreement from \$7,000 to \$10,000. A prearranged funeral agreement is entered into by a person to preplan their funeral and prepay for their funeral and burial expenses. This is usually done to take the burden off of the family to plan and pay for a funeral at the time of death. A person may also enter into an irrevocable prepaid funeral agreement when they need to spend down their assets to be eligible for nursing home coverage under Medicaid. Funds placed into such an agreement are exempt asset when determining eligibility for Medicaid.

Current law provides that \$7000 plus the retail price of a casket, urn and outside burial container can be placed in an irrevocable account. In the past, the KFDA has come before the legislature approximately every six years to ask that the cap be increased to keep pace with inflation. We have not done so since 2010. Applying the cumulative rate of inflation since 2010, \$7000 in 2010 has the same buying power as \$8450.32 today according to the US Bureau of Labor Statistics CPI Inflation Calculator.

Laws across the country vary as to the amount of funds that can be placed in an irrevocable prearranged funeral agreement. A majority of states have no dollar cap on the amount that can be placed in an irrevocable prearranged funeral agreement. In Kansas, as in other states, if there are funds remaining in an account after the payment of funeral expenses, the excess funds are paid to the state's estate recovery unit to the extent of medical expenses expended. This benefits the state financially.

Funeral pricing is regulated on the national level by the Federal Trade Commission. A general price list and a Statement of Funeral Good and Services must be provided to anyone purchasing a funeral. The Statement of Funeral Goods and Services selected by the purchaser of the agreement is attached to a prearranged funeral agreement. The amount of funds placed into the agreement cannot exceed the cost of the funeral and cemetery expenses selected.

Thank you again for the opportunity to testify. The KFDA and its member funeral homes would appreciate your support of House Bill No. 2254.