

SESSION OF 2004

**SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2781**

As Recommended by House Committee on  
Financial Institutions

**Brief\***

HB 2781 concerns the distribution of funds remaining in a prearranged funeral agreement, contract, or plan after payment of funeral expenses. The bill clarifies that, if a financial institution receives written notice from the Department of Social and Rehabilitation Services (SRS), the funeral home, or the recipient stating that medical assistance has been expended on behalf of the purchaser of the agreement, contract, or plan, and that SRS may have a claim against the balance, the balance shall be paid to the Secretary to the extent of the assistance provided. No liability attaches to a financial institution, or to an insurer when the proceeds came from an insurance policy, if written notice is not received by the financial institution and the balance has been paid to the estate of the purchaser of the agreement.

**Background**

HB 2781 was requested by the Kansas Bankers Association and supported by the Kansas Funeral Directors and Embalmers Association, Heartland Community Bankers Association, and the Department of Social and Rehabilitation Services, whose representatives explained that the bill clarifies the existing law establishing the right of SRS to recover from the remaining balance of a prearranged funeral plan if medical assistance had been provided to the purchaser of the plan by requiring written notice of the SRS interest in the balance. Absent the notice, no liability should attach to those who in good faith pay the excess assets to the estate of the deceased as the law otherwise requires.

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\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>