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**State of Wisconsin  
Governor Scott Walker**

**TO: Income Maintenance Supervisors  
Income Maintenance Lead Workers  
Income Maintenance Staff  
W-2 Agencies  
Workforce Development Boards  
Job Center Leads and Managers  
Training Staff  
Child Care Coordinators**

**FROM:** Shawn Smith, Bureau Director  
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Division of Health Care Access and Accountability

<b>DHS OPERATIONS MEMO</b>		
<b>No:</b>	<b>DHS 14-17</b>	
<b>DATE:</b>	<b>4/24/2014</b>	
<b>FS</b>	<input type="checkbox"/>	<b>MA</b> <input type="checkbox"/>
<b>SC</b>	<input type="checkbox"/>	<b>CTS</b> <input type="checkbox"/>
		<b>BC+</b> <input checked="" type="checkbox"/>
		<b>FSET</b> <input type="checkbox"/>

**SUBJECT: MAGI Income Thresholds for “Expected to be Required to File”**

**CROSS REFERENCE:** Operations Memos [13-32](#) and [14-08](#)  
BadgerCare Plus Eligibility Handbook [Chapter 2.8.2](#)

**EFFECTIVE DATE:** April 26, 2014

**PURPOSE:**

This memo announces updates to the income thresholds used under MAGI budgeting rules when determining whether a child or tax dependent is expected to be required to file taxes.

**BACKGROUND:**

As described in Operations Memo [13-32](#), the countable income of all eligible or counted members within a BC+ assistance group (AG) is used in the eligibility determination for that AG with one exception:

If a group member is a child or tax dependent of another counted or eligible member of the same group, his/her income is only counted in that group if s/he is expected to be required to file a tax return for the current year, regardless of whether or not the child or tax dependent actually files or plans to file a tax return.

If that child or tax dependent is not expected to be required to file a tax return, his/her income is not counted for that AG.

Children and tax dependents are only required to file a tax return if they have more income than the filing thresholds set by IRS each year. Effective April 26, 2014, these thresholds will be updated to reflect the following IRS thresholds for the 2014 tax year:

- \$1,000 per year in taxable unearned income or
- \$6,200 per year in taxable earned income.

If the child or tax dependent of another member in the same AG expects to have less annual taxable income than the amounts above, his/her income is not included in the eligibility determination for the AG.

As a reminder, for purposes of determining whether a child or tax dependent is above the \$1,000 threshold for taxable unearned income, **exclude** child support, Supplemental Security Income (SSI), Social Security, Worker's Compensation, Veterans Benefits, Money from Another Person and Educational Aid.

➤**NOTE:** Social Security Income and Educational Aid are countable income types even though they are not included when determining if the child or tax dependent is expected to be required to file taxes. If the child or tax dependent expects to have other income above the thresholds, any Social Security income or countable Education Aid received by the child or tax dependent would be included in the eligibility determination for any AG in which the child is counted.

These thresholds will continue to be updated on an annual basis to reflect IRS policy.

### **CARES:**

CWW, ACCESS, the paper application and the verification checklist will be updated effective April 26, 2014 to reflect the new thresholds. If the answer to any of the questions is "yes", CARES will count the income of that child or tax dependent.

Workers should be aware that the Tax Filing Details page will always display the new thresholds, even when viewing responses for months prior to April in history mode. When determining eligibility for past dates, workers should answer the questions in the 'Income of Children and Tax Dependents' section based on the current thresholds displayed in CWW.

CWW continues to include a question about whether the child or tax dependent expects to have more than \$400 in self-employment income in the current year. As explained in Operations Memo [13-32](#), self-employment earnings should not be used to determine if the individual's income is counted for BC+. Entries on the "More Than \$400 in Taxable Self Employment Income" field will not be used in the "expected to be required to file taxes" determination. Workers should enter a "No" in this field.

### **CONTACTS:**

BEPS CARES Information & Problem Resolution Center

\*Program Categories – FS – FoodShare, MA – Medicaid, BC+ – BadgerCare Plus, SC – Senior Care, CTS – Caretaker Supplement, FSET – FoodShare Employment and Training.

DHS/DHCAA/BEPS/AA