



Date: December 28, 2016

DHCAA Operations Memo 16-39

To: Income Maintenance Supervisors
Income Maintenance Lead Workers
Income Maintenance Staff

Affected Programs:	
<input checked="" type="checkbox"/> BadgerCare Plus	<input type="checkbox"/> Caretaker Supplement
<input type="checkbox"/> FoodShare	<input type="checkbox"/> FoodShare Employment and Training
<input type="checkbox"/> Medicaid	
<input type="checkbox"/> SeniorCare	

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Division of Health Care Access and Accountability

Annual Updates to Income Thresholds for Determining Whether Child or Tax Dependent is Expected to be Required to File Taxes

CROSS REFERENCE

- BadgerCare Plus Handbook, [Section 2.8.2 MAGI Income Counting Rules](#)
- Operations Memos [13-32](#), [14-08](#), and [15-01](#)

EFFECTIVE DATE

January 1, 2017

PURPOSE

The purpose of this Operations Memo is to announce annual updates to the income thresholds used under modified adjusted gross income (MAGI) budgeting rules when determining whether a child or tax dependent is expected to be required to file taxes.

BACKGROUND

As described in the BadgerCare Plus Eligibility Handbook, [Section 2.8.2 MAGI Income Counting Rules](#), the countable income of all eligible or counted members within a BadgerCare Plus 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 or her income is only counted in that group if he or she 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 or 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 the Internal Revenue Service each year. CARES has been updated to reflect the following thresholds for the 2017 tax year, which are effective January 1, 2017:

- \$1,050 per year in taxable unearned income. (No change from 2016.)
- \$6,350 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 indicated above, his or 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 \$1,050 threshold for taxable unearned income, the following should be excluded: 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.

POLICY

Children and tax dependents are only required to file a tax return if they have more income than the filing thresholds set by the Internal Revenue Service each year. The filing thresholds for the 2017 tax year are \$1,050 per year in taxable unearned income (no change from 2016) and \$6,350 per year in taxable earned income.

CARES

CARES Worker Web (CWW), ACCESS, and the verification checklist were updated on December 16, 2016, to reflect the new thresholds. The paper BadgerCare Plus application will be updated at a future date.

The Tax Filing Details page in CWW will reflect the new thresholds for begin months of January 2017 and later. If the answer to the question "Will the child/tax dependent earn over \$6,350 in earnings or \$1,050 in unearned income in the next tax year" on the Tax Filing Details page is "Yes," CARES will count the income of that child or tax dependent.

CONTACTS

BEPS CARES Information and Problem Resolution Center