



Date: June 10, 2021

DMS Operations Memo 21-15

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

**Affected Programs:**

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> BadgerCare Plus | <input checked="" type="checkbox"/> Caretaker Supplement   |
| <input checked="" type="checkbox"/> FoodShare       | <input type="checkbox"/> FoodShare Employment and Training |
| <input checked="" type="checkbox"/> Medicaid        |  |
| <input type="checkbox"/> SeniorCare                 |  |

From: Jonelle Brom, Bureau Director  
Bureau of Eligibility Operations & Training  
Division of Medicaid Services

Rebecca McAtee, Bureau Director  
Bureau of Enrollment & Eligibility Policy  
Division of Medicaid Services

**Update to Treatment of Tax Credits and Refunds**

**CROSS REFERENCE**

- BadgerCare Plus Eligibility Handbook, [Section 16.2 Income Types Not Counted](#) and [Section 32.2 Eligibility](#)
- FoodShare Wisconsin Handbook, [Section 4.3 Income](#), [Section 4.4 Assets](#) and [Section 4.5 Special Situations](#)
- Medicaid Eligibility Handbook, [Section 15.3 Exempt/Disregarded Income](#), [Section 15.5 Earned Income](#) and [Section 16.7 Liquid Assets](#)
- SSI Caretaker Supplement (CTS) Handbook, [Section 3.2 Financial](#)

**EFFECTIVE DATE**

Immediately

**PURPOSE**

This operations memo provides income maintenance (IM) agencies with information about how to treat the Child Tax Credit, which will become available in the form of advance payments later in 2021, for the BadgerCare Plus, Medicaid, Caretaker Supplement, and FoodShare programs. In addition, this memo announces changes and clarifications to the treatment of federal income tax refunds and other income tax credits for these programs.

## **BACKGROUND**

On March 11, 2021, President Biden signed into law the American Rescue Plan Act of 2021 (ARPA). Section 9611 of ARPA increased the federal Child Tax Credit to \$3,000 per child aged 6 through 17, and to \$3,600 per child under age 6. In addition to raising the amount of this credit, the tax law was changed to provide advance partial payments of the credit. These advance payments may begin as early as July 2021.

In addition to this change in the law, 26 U.S.C. § 6409 requires that any federal tax refund or advance payment with respect to a refundable credit shall not be counted as income or resources for a period of 12 months from the month of receipt, for purposes of determining the eligibility or the amount of benefits for any federally funded program.

## **POLICY**

### ***CHILD TAX CREDIT***

Effective immediately, advance payments of the Child Tax Credit, are totally disregarded as either income or a lump sum for BadgerCare Plus, Medicaid, Caretaker Supplement, and FoodShare. In addition, advance payments of the Child Tax Credit are disregarded as assets for Medicaid, Caretaker Supplement and FoodShare during the 12 months after the month of receipt.

### ***OTHER TAX REFUNDS AND CREDITS***

Effective immediately, Federal income tax refunds are no longer counted as an asset for Medicaid and Caretaker Supplement until 12 months after the month of receipt. In addition, the Earned Income Tax Credit, including advance payments of the credit, will now be disregarded as an asset by the Caretaker Supplement program during the 12 months after the month of receipt.

## **CONTACTS**

BEOT CARES Information and Problem Resolution Center: [DHSCAREScallcenter@wi.gov](mailto:DHSCAREScallcenter@wi.gov)

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