



Date: December 5, 2025

DMS Operations Memo 25-23

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 Medicaid Services

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Division of Medicaid Services

**Annual Update to Income Thresholds for Determining Whether a Child or Tax Dependent is Expected to Be Required to File a Tax Return**

**CROSS-REFERENCE**

- BadgerCare Plus Eligibility Handbook, [Section 2.8 Modified Adjusted Gross Income Counting Rules](#)

**EFFECTIVE DATE**

January 1, 2026

**PURPOSE**

This operations memo announces 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 a tax return.

**BACKGROUND**

State law under section 49.471(1)(f) of the Wisconsin Statutes requires that income be counted for determining eligibility for BadgerCare Plus using modified adjusted gross income (MAGI) budgeting rules. As described in BadgerCare Plus Eligibility Handbook, [Section 2.8 Modified Adjusted Gross 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 a counted or eligible member within the same assistance group, the child's or tax dependent's income is only counted if they are "expected to be required" to file a tax return for the current year. If the tax dependent or child chooses to file a tax return when they are not required to, their income will not be counted. Tax dependents and children's income is only counted when they are "expected to be required" to file a tax return.

Children and tax dependents are only required to file a tax return if they have more taxable income than the filing thresholds set by the Internal Revenue Service (IRS) each year. On October 9, 2025, the IRS published Revenue Procedure 2025-32 which announced the 2026 filing thresholds, which will be:

- \$1,350 in taxable unearned income
- \$16,100 in taxable earned income

CARES and ACCESS will be updated on January 1, 2026, to reflect the new thresholds. The paper BadgerCare Plus application will be updated at a future date.

## **POLICY**

The following thresholds for being expected to file a tax return for the 2026 tax year are effective January 1, 2026:

- \$1,350 in taxable unearned income
- \$16,100 in taxable earned income

If the child or tax dependent of another member in the same AG expects to have less annual taxable income for 2026 than the amounts indicated above, their 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 \$1,350 threshold for taxable unearned income, the following should be excluded: child support, Supplemental Security Income (SSI), Social Security, worker's compensation, veteran's 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 a tax return. 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.

## **CONTACTS**

DHS CARES Problem Resolution Team

DHS/DMS/BEEP/NAH

DHS/DMS/BEOT/JN