STATE OF WISCONSIN
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Division of Medicaid Services

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DMS Operations Memo 26-26

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

Affected Programs:
- ☐ BadgerCare Plus
- ☐ FoodShare
- ☒ Medicaid
- ☐ SeniorCare
- ☐ Caretaker Supplement
- ☐ FoodShare Employment and Training

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Change to Medicaid Purchase Plan Independence Account Contribution Limit

CROSS-REFERENCE

- Medicaid Eligibility Handbook, Sections 26.4.1.1 Independence Accounts and 26.5.1.1 Independence Account Penalty
- Wis. Stat. § 49.472

EFFECTIVE DATE

August 1, 2026

PURPOSE

This memo announces an increase in the annual independence account contribution limit for Medicaid Purchase Plan (MAPP) members.

BACKGROUND

In April 2026, Wisconsin enacted 2025 Wisconsin Act 225, which makes the following changes to MAPP:

- Increases the annual independence account contribution limit from 50% of the MAPP member's gross earned income to 100% of their gross earned income.

- Excludes up to $40,000 of the value of assets acquired by inheritance from countable assets when determining MAPP eligibility.

Independence accounts are financial accounts that MAPP members may register as part of their MAPP eligibility. Funds contributed to these accounts while someone is eligible for MAPP are considered exempt assets and are not counted when determining eligibility for MAPP and other forms of Medicaid.

Under current policy, MAPP members may contribute an amount less than or equal to 50% of their gross earnings over their MAPP certification period. If they contribute more than the limit, they are assessed a monthly penalty during the following certification period. For more information about independence accounts and penalties, see Medicaid Eligibility Handbook 26.4.1.1 Independence Accounts.

The Department of Health Services (DHS) is implementing the increase to the MAPP independence account contribution limit effective August 1, 2026, as announced in this memo.

The $40,000 inheritance exclusion in 2025 Wisconsin Act 225 will be implemented at a later effective date, so that necessary systems changes can be made to support the policy. Another memo will be issued before that change goes into effect.

POLICY

For MAPP renewals received on or after August 1, 2026, the annual independence account deposit limit is equal to 100% of the member’s total gross earned income from their prior certification period.

If it is determined at renewal that the member's total deposits into their independence account during their prior certification period exceeded 100% of their gross earnings over the same period, a premium penalty is calculated as follows:

1. Total verified deposits
2. Minus total verified gross earnings
3. Divided by 12 to get the monthly penalty amount

This penalty amount is added to the member’s premium for the next 12 months of eligibility.

CONTACTS

DHS CARES Problem Resolution Team

DHS/DMS/BEEP/BS
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