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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: Amy Mendel-Clemens, Section Chief
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Division of Health Care Access and Accountability

BEPS/DFS OPERATIONS MEMO

No: 10-20

DATE: 5/03/2010

FS	☒	**MA**	☒	**BC+**	☒
SC	☐	**CTS**	☐	**FSET**	☐
				BC+ CORE	☒
CC	☐	**W-2**	☐	**EA**	☐
CF	☐	**JAL**	☐	**JC**	☐
RAP	☐	**WIA**	☐	**Other**	☐*
				EP	

SUBJECT: Income Maintenance Self-Employment Policy Clarifications

CROSS REFERENCE: FoodShare Eligibility Handbook (FSHB) 4.3.3
Medicaid Eligibility Handbook (MEH) 15.6
BadgerCare+ Eligibility Handbook 16.4.3
Process Help 16.2.3

EFFECTIVE DATE: Immediately

PURPOSE:

This memo is intended to clarify how certain Self-Employment expenses for the FoodShare, Medicaid, and BadgerCare Plus programs are used to prospectively calculate income and announce the availability of a new form, Self-Employment Income Report – Farmer (F-00219), for use when it is appropriate for SEIRFs to be used to calculate income for a farm business.

BACKGROUND:

The policy for calculating self-employment income and expenses differs across Income Maintenance programs: BadgerCare Plus, FoodShare and Medicaid. The Self-Employment Income Worksheets (F-16034, F-16035, F-16036, and F-16037) and the Self-Employment

Income Report Form (SEIRF) (F-00107) were created to help eligibility workers collect and calculate self-employment income and expenses correctly in eligibility determinations. DHS staff review the Self-Employment Worksheets annually to make sure that no changes are needed based on updates to the IRS Federal tax forms and schedules.

In August 2009, the SEIRF was revised so that specific expenses treated differently across IM programs can be separately identified. A second page was also added to the SEIRF for eligibility workers to complete and compare against the applicable Assistance Group budget outcome(s) in CWW.

Based on feedback from applicants and members who are self employed as farmers and staff in the Department of Agriculture, Trade and Consumer Protection (DATC) Farm Center, the Department has also created a new form, Self-Employment Income Report – Farmer (F-00219) and corresponding worksheet for worker use (F-00219W); for farm business owners, the new form will be more relevant and easier to complete than the regular SEIRF.

The new form and corresponding worksheet can be accessed online at:
dhs.wi.gov/em/forms/imforms.htm

POLICY CLARIFICATION:

A 'Disallowed Expense' section will be added to the FoodShare, Medicaid, and BadgerCare Plus Handbooks to clarify the way that some self-employment expenses are counted differently when determining prospective income across the BadgerCare Plus, Medicaid and FoodShare programs.

FOODSHARE

Some specific expenses that are not allowed in the calculation of Self Employment Income for FoodShare are:

1. Depreciation
2. Net loss carryover from previous periods (long term capital loss)
3. Federal, State, and local income taxes
4. Charitable donations
5. Work-related personal expenses, such as transportation to and from work
6. Employer work-related personal expenses such as pensions, employee benefit and retirement programs and/or profit sharing expenses (Business expenses for employees' pensions, benefits, retirement programs, and profit sharing expenses are allowable, but the work-related personal expenses of the employer are not).
7. Amortization and depletion
8. Guaranteed payments to partners

MEDICAID (FOR THE ELDERLY, BLIND AND DISABLED)

Generally, expenses that are allowed by the IRS on business tax forms are considered allowed expenses for Medicaid. However, some specific expenses identified as not allowed in the calculation of Self Employment Income on the IRS tax forms and therefore not allowed for Medicaid are:

1. Net loss carryover from previous periods (long term capital loss)
2. Federal, State, and local income taxes
3. Charitable donations
4. Work-related personal expenses, such as transportation to and from work
5. Employer work-related personal expenses such as pensions, employee benefit and retirement programs and/or profit sharing expenses (Business expenses for employees' pensions, benefits, retirement programs, and profit sharing expenses are allowable, but the work-related personal expenses of the employer are not).
6. The purchase price of income producing real estate, capital assets/equipment, and durable goods or payments on the principal of loans for the purchase of these assets.
7. Guaranteed payments to partners

BADGERCARE PLUS

Some specific expenses that are not allowed in the calculation of Self Employment Income for BadgerCare Plus are:

1. Depreciation, amortization, and depletion (except in second test for Benchmark Plan eligibility- see 16.4.3.2.3 Self Employed Depreciation Calculation)
2. Net loss carryover from previous periods (long term capital loss)
3. Federal, State, and local income taxes
4. Charitable donations
5. Work-related personal expenses, such as transportation to and from work
6. Employer work-related personal expenses such as pensions, employee benefit and retirement programs and/or profit sharing expenses (Business expenses for employees' pensions, benefits, retirement programs, and profit sharing expenses are allowable, but the work-related personal expenses of the employer are not).
7. The purchase price of income producing real estate, capital assets/equipment, and durable goods or payments on the principal of loans for the purchase of these assets.
8. Guaranteed payments to partners

CARES:

There are no CARES changes associated with this memo. Refer to Process Help, Section 16.2.3 for information on how to enter the information into the Self Employment page.

ATTACHMENTS:

- Self-Employment Income Report – Farmer (F-00219)
- Self-Employment Income Report – Farmer Worksheet (F-00219W)

CONTACTS:

BEPS CARES Information & Problem Resolution Center

*Program Categories – FS – FoodShare, MA – Medicaid, BC+ – BadgerCare Plus, SC – Senior Care, CTS – Caretaker Supplement, CC – Child Care, W-2 – Wisconsin Works, FSET – FoodShare Employment and Training, BC+ Core – BadgerCare Plus Core, CF – Children First, EA – Emergency Assistance, JAL – Job Access Loan, JC - Job Center Programs, RAP – Refugee Assistance Program, WIA – Workforce Investment Act, Other EP – Other Employment Programs.

DHS/DHCAA/BEPS/ME