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**Date:** April 4, 2013 **MEPD Policy Bulletin Number: 13-04**

**To:** Eligibility Services – Regional Directors for MEPD  
Regional Attorneys  
Hearings Officers

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**Subject:** American Taxpayer Relief Act of 2012

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The information in this bulletin is for **MEPD**. If you have any questions regarding the policy, follow regional procedures. The information in this bulletin is available at the following websites:

- Eligibility Services - <http://ofs.hhsc.state.tx.us/mepd/mepd-bulletins.aspx>, and
- MEPD Handbook - [http://www.dads.state.tx.us/handbooks/mepd\\_policy/index.htm](http://www.dads.state.tx.us/handbooks/mepd_policy/index.htm).

### **Policy/Procedure Update**

The American Taxpayer Relief Act of 2012 permanently extended disregards for federal tax refunds and advance payments related to refundable tax credits when determining eligibility. These are the same disregards explained in MEPD Policy Bulletin Number: 11-12.

#### Income

Do not count tax refunds or advance payments as income. For Medicaid Buy-In for Children, this disregard applies to all members of the budget group.

#### Resources

Do not count tax refunds or advance payments as a resource for a period of 12 months after receipt of the payment. If any of the tax refund or advance payment remains after the 12<sup>th</sup> month, count the remainder as a resource beginning with the 13<sup>th</sup> month after receipt. This disregard also applies to a spouse.

#### Deeming of Income and Resources

Do not count any tax refund or advance payments as income in the deeming process. Do not count any tax refund or advance payment as a resource during the 12-month period after receipt of payment in the deeming process. This includes any spousal impoverishment calculations.

#### Co-Pay Calculations

Do not count tax refunds or advance payments as income for purposes of determining co-pay. This includes all institutional and home and community based waiver co-pay calculations. This disregard also applies to a spouse whose income is considered in the co-pay calculation.

#### Transfer of Assets

A transfer of assets penalty does not include tax refunds or advance payments that are disposed of for less than fair market value in the 12 months the refunds and payments are disregarded as a resource. If a transfer of tax refunds or advance payments for less than fair market value is made, document the transaction occurred. This includes transfers made by a spouse.

#### Trusts

The treatment of tax refunds or advance payments as income and/or resources outlined in this bulletin also pertains to refunds and payments placed in a trust. For questions regarding tax refunds and advance payments placed in a trust, contact the regional attorney for review and guidance.

#### **Automation**

There are no automation changes. Staff must not enter these exempt tax refunds or credits into the Texas Integrated Eligibility Redesign System (TIERS) as income or resources. Document the exemption in TIERS Case Comments

#### **Handbook**

The MEPD Handbook will be updated with the September 2013 revision.

#### **Training**

All training will be updated.

#### **Effective Date**

The effective date is January 1, 2013.