



MY VOICE, MY CHOICE AND FAMILY DIRECTED SERVICES Notice to Employers and Employees Live-in Exemption Rule

IRS Notice 2014-7 describes “Difficulty of Care Payments” in which income received for care provided under certain Medicaid Waiver programs is excludable from gross income if the service recipient lives in the care provider’s home. This means that for qualifying individuals, federal and state income taxes are not withheld from their pay. For an employee to be eligible, the following must apply:

- Services must be provided under a qualified Medicaid Waiver Program providing non-medical support services under a plan of care.
- The service recipient must reside in the care provider’s (employee) home. No family relationship needs to exist.

Additional information on IRS Notice 2014-7 is available online:
https://www.irs.gov/irb/2014-4_IRB/ar06.html <http://ihssadvocate.com/news/notice-2014-7-explained-by-regina-levy-cpa>

Acumen will need a **Statement of Compliance with IRS Notice 2014-7** on file, with both the employee and participant’s signature to ensure tax withholding are set up correctly. The form can be obtained by contacting your Acumen agent.

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