IRS Notice 2014-7

In January 2014, the IRS issued Notice 2014-7 stating that certain wages earned by employees providing services to individuals on a Medicaid Waiver can be excluded from federal income tax.

- This applies to employees living **fulltime** in the home with the Medicaid waiver person they provide services to.
- It may also apply to other Medicaid programs that function like waiver funded programs such as PCA Choice or Consumer Support Grant. *However, the IRS makes the determination and not Accra.*

For additional information visit the IRS website:

http://www.irs.gov/irb/2014-4_IRB/ar06.html

http://www.irs.gov/Individuals/Certain-Medicaid-Waiver-Payments-May-Be-Excludable-From-Income

Other 2014-7 Implications:

- Claiming 2014-7 and reducing the Adjusted Gross Income (AGI) on tax form 1040 could have other implications if the employee receives benefits or insurance calculated on a person's AGI like TEFRA payments for MA or health insurance eligibility.
- 2014-7 does not apply to Paid Time Off wages.
- An employee may also file an amended tax return for previous tax years to benefit from 2014-7.
- MN Revenue applies 2014-7 to state income tax if an individual claims the exclusion.

> **Accra does not pursue this for employees and Accra staff are not tax professionals.**

If an employee or tax preparer wants proof that the wages paid were waiver funded, Accra can provide this.

*Please note in May 2019 a federal tax court ruled difficulty of care payments (2014-7) can be counted as earned income for the purposes of the Earned Income Tax Credit (EITC).

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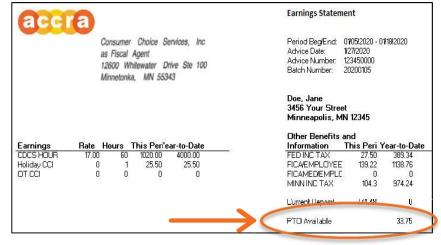
Paid Time-Off (PTO)

Effective July 1, 2015, the Collective Bargaining Agreement (CBA) went into effect for all home care workers that work for participants in PCA Choice, Consumer Directed Community Support, Consumer Support Grant, and Community First Services and Supports, which is a program being developed by the State of Minnesota.

Beginning October 1, 2021, all workers will earn one hour of PTO for every 30 hours worked. Workers need to work 600 hours, or a continuous 6-month period, before they can start using their PTO. Accra is required to track the number of hours worked and report this information to SEIU Healthcare (the union representing home care workers- http://www.seiuhealthcaremn.org/) after each pay period. If your employee works for more than one agency, SEIU will notify Accra when the employee has worked 600 hours and are eligible to use their accrued PTO.

Employees can carry over up to 80 hours of PTO from one State fiscal year to the next. The State's fiscal year is July 1 to June 30. Employees are responsible for managing their PTO balances. According to the Collective Bargaining Agreement, any hours over 80 hours will be deducted from an employee's PTO balance as of July 1st each year. Employee PTO balances can be found on their pay stubs on ADP. Please see payroll section of this handbook for more information about ADP.

Example Pay Stub

Employees are eligible to waive PTO accrual upon hire. If an employee opts out of their right to accrue PTO, they will be ineligible to accrue PTO until the start of the client's new plan year. Employees who wish to opt out of PTO will need to complete paperwork prior to doing so. Please notify your Service Coordinator for the required paperwork if an employee would like to opt out of PTO. It is the employee's responsibility to contact Accra at the beginning of the plan year if they wish to opt back in to accrue PTO.

If you or your employee terminates their employment with Accra, SEIU requires that accrued PTO be paid out up to 80 hours. Accra will pay out any remaining PTO balances upon termination.

Accra will comply with sick and safe time for employees as required by city ordinance.
*The above figures may be subject to change based on updated Collective Bargaining
*Accra may choose to pay out PTO requests prior to meeting the 6 months or 600 hour requirement

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