STATE OF DELAWARE
DELAWARE HEALTH AND SOCIAL SERVICES
DIVISION OF MEDICAID & MEDICAL ASSISTANCE
POLICY & PLANNING UNIT

ADMINISTRATIVE NOTICE A-08-2025

TO:	DSS/DMMA Staff
DATE:	September 18, 2025
PROGRAM(S):	MAGI Medicaid Programs
SUBJECT:	Exclusion of Difficulty of Care Payments from Gross Income (Revised 9.18.2025)

BACKGROUND

According to IRS Notice 2014-7, Difficulty of Care payments are a type of earned income that must be ***excluded*** for **MAGI Medicaid eligibility, but** it is ***counted*** in other programs. Caregivers (who may be applicants or recipients of Medicaid benefits) may be employed by Home Health Care agencies or other organizations. The caregiver's wages may be considered Difficulty of Care payments when the caregiver provides non-medical care in their own home to individuals who receive **Home and Community-Based Services (HCBS) or Medicaid Waiver-Like Services (MWS), such as, but not limited to:**

- **Self-Directed Attendant Care (SDAC)**
- **Personal Care Services (PCS)**
- **Home Health Aide (HHA)**

The recipients of these services may be open in any type of Medicaid, including MAGI.

DISCUSSION

Individuals must inform staff that they receive payments to care for someone in their home who receives HCBS or MWS. Once staff are informed, a 105 form, requesting additional information, and a Difficulty of Care Payment Declaration Form #500 must be sent/given to the individual to verify the information and to determine if the wages they receive qualify as Difficulty of Care payments.

Wages may qualify as Difficulty of Care payments if:

1) Payments are received **for providing non-medical care** to individuals who receive **HCBS or MWS**.
2) When the caregiver provides the care **in their own home**.
3) When the payments are designated by the payer (i.e., Home Health Agency) as compensation for the **extra care required** due to the individual's (who is receiving the services) physical, mental, or emotional limitations.

To determine if paystubs (or other verification of income) received are Difficulty of Care payments, additional information will be required. **The caregiver (who may be an applicant or recipient of Medicaid benefits) must complete and submit the Difficulty of Care Payment Declaration Form** to verify if:

1) The name and address of the home health care agency or other organization that employs the caregiver.
   - *The home health care agency/organization must be contracted with one of Delaware Medicaid's Managed Care Organizations (MCOs) to pay caregivers who provide home care to individuals that receive HCBS or MWS.*
2) The name, date of birth, and address of the person receiving home health care services.
   - *The person receiving the care must also be receiving HCBS and/or MWS.*
3) The non-medical care is being provided in the home of the caregiver
   - *The home care services must be provided in the caregiver's home for the income to qualify as Difficulty of Care Payments.*

The Difficulty of Care Payment Declaration Form contains the eligibility criteria that must be met for the income to qualify for the Difficulty of Care Payment exclusion.

ACTION REQUIRED

Staff must **enter** Difficulty of Care payments on the Employment Details screen under the Employment section in **Assist Worker Web (AWW)**:

1) From the Employment 'Type' field, select ***Difficulty of Care*** from the drop-down.
2) Staff must select **yes, no, or pending** for the question, **Has the Difficulty of Care Self-Declaration Payment Form been received?**

   - If ***YES*** is selected, then ***the income will be excluded*** for MAGI Medicaid.
   - If ***NO*** is selected, then ***the income will not be excluded*** for MAGI Medicaid.

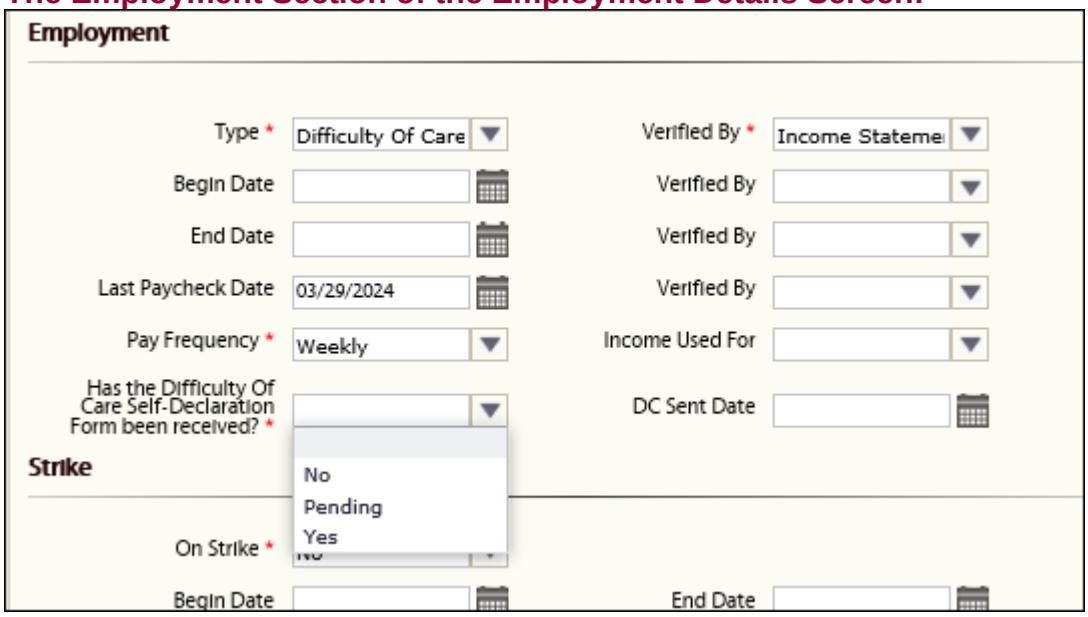
Select ***PENDING*** to accept attestation for this income during the initial 30 days, while waiting for the submission of the Difficulty of Care Payment Self-Declaration Form.

❖ If ***PENDING*** is selected, then:

1. ***The DC Sent Date field will become mandatory and will track if the form is returned within 30 days.***

2. ***The income should only be excluded for 30 days*** **for MAGI Medicaid.**

The Employment Section of the Employment Details Screen:



When the form is returned and it verifies that the income qualifies as a Difficulty of Care Payment, the Staff must change 'Pending' to 'Yes' on the Employment Details Screen.

The income does not qualify for the exclusion if:

1) The staff does not receive the completed Difficulty of Care Payment Self-Declaration Form within 30 days from the date of the request.
   or
2) The information on the Difficulty of Care Payment Self-Declaration Form does not qualify the income for the Difficulty of Care payment exclusion.

If the income *will not be excluded,* staff *must* take the following steps:

To change the income from being excluded to ***being included*** for MAGI Medicaid,

Staff ***must*** update the Employment Details Screen again:

- Change the Employment 'Type' from Difficulty of Care payment to Regular Employment (if the answers do not qualify for Difficulty of Care)
  or
- Change the answer to, *Has the Difficulty of Care Payment Self-Declaration Form been received to* **"NO"** (if it has not been received).

  As long as "*Has the Difficulty of Care Payment Self-Declaration Form been received?*" is marked as PENDING, the Employment income WILL be excluded from the MAGI budget.

Staff ***must*** enter case comments to document the attestation and to document the reason the income was excluded or not excluded.

For more information on Difficulty of Care Payments, see IRS Notice 2014-7.

Policy is working to update the Delaware Social Services Manual for Difficulty of Care Payments.

DIRECT INQUIRIES TO

DHSS_DMMA_PPDU@delaware.gov

9/19/2025 | 8:10 AM EDT
Date

DocuSigned by:
Andrew Wilson
35F947C98C8B499...
Andrew Wilson, Director
Division of Medicaid & Medical Assistance

Attachment A: Difficulty of Care Payment Self-Declaration Form #500