

IRS Notice 2014-7 (Difficulty of Care Payments)

The Arizona Health Care Cost Containment System (AHCCCS) is the State Agency that administers Arizona's Medicaid Program. Arizona has operated its Medicaid program, including how it provides Home and Community Based Services (HCBS), through a Medicaid waiver since 1982. The Arizona Department of Economic Security/Division of Developmental Disabilities is the state department that handles the Medicaid waiver program and is the sole program contractor for the developmentally disabled population in the state of Arizona.

Arizona Care Providers, LLC is certified by AHCCCS and DDD to provide home and community based services to individuals with developmental disabilities. AZ Care Providers makes payments to individual care providers for non-medical support services. If you are someone that lives with your care recipient on a full-time basis, there is a very high likelihood that IRS Notice 2014-7 will apply to you.

IRS Notice 2014-7 states that payments provided under a Medicaid Home and Community Based Waiver program are difficulty of care payments and are excludable from income if the care provider is living with the care recipient on a full-time basis.

Please consult a tax professional to see if your wages may be excludable from your income, resulting in lower federal and state income taxes.

You can also verify that your wages are for difficulty of care by contacting AHCCCS by phone at (602) 417-4230 or (855) 842-7619, or by email at DMPSOCA@azahcccs.gov

IRS Notice 2014-7 can be found at [Internal Revenue Bulletin: 2014-4 | Internal Revenue Service \(irs.gov\)](#).

Frequently asked questions (FAQs) regarding IRS Notice 2014-7 can be found at [Certain Medicaid Waiver Payments May Be Excludable From Income | Internal Revenue Service \(irs.gov\)](#).