

July 23, 2019

<Provider Name>
<Provider Address 1>
<Provider Address 2>
<City> <State> zipcode5-zipcode4

Dear Provider:

RE: Notice to Provide Form 1099-MISC to Volunteer and Foster Care Parent Non-Emergency Medical Transportation Providers; Taxing Reimbursement Requests More Than 60 Days Old

The Michigan Department of Health and Human Services (MDHHS) is writing to inform you about a new process that will affect volunteer drivers and foster care parents. The Internal Revenue Service (IRS) annually calculates the deductible cost of operating an automobile for charitable/volunteer purposes. If a volunteer driver or foster care parent is paid more than the deductible cost and earns \$600 or more during a calendar year, the individual will receive Form 1099-MISC (Miscellaneous Income) for the 2019 tax year.

Effective January 1, 2019, in compliance with IRS regulations, MDHHS began tracking non-emergency medical transportation (NEMT) payments for mileage and meals as taxable income. MDHHS will provide form 1099-MISC to individuals who earn \$600 or more during the calendar year. Individuals who earn less than \$600 in a calendar year will be exempt from receiving form 1099-MISC. Volunteer drivers and foster care parents who receive form 1099-MISC may be able to deduct the IRS cost of serving a charitable organization when filing taxes. The 2019 charitable rate is 14 cents per mile driven. Individuals should consult their tax advisor for information related to tax deductions.

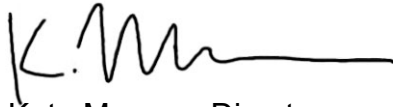
MDHHS will continue to reimburse volunteer drivers and foster care parents at the current Medicaid reimbursement rate. Refer to the MDHHS website for current information regarding NEMT reimbursement. Go to www.michigan.gov/medicaidproviders >> Billing and Reimbursement >> Provider Specific Information >> Non-Emergency Medical Transportation.

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Additionally, in compliance with IRS regulations, MDHHS will tax NEMT payments for mileage and meals if the reimbursement request is submitted to MDHHS more than 60 calendar days after the expense is incurred. NEMT payments will be non-taxable when a reimbursement request is submitted to MDHHS up to 60 calendar days after the expense is incurred (day trip meals are always taxable). To allow the MDHHS local office enough time to process reimbursement requests, individuals should submit reimbursement requests within 45 calendar days after the incurred expense.

Questions regarding this letter should be directed to MDHHS/Medical Services Administration, Program Policy Division, PO Box 30479, Lansing MI 48909-7979 or e-mail MSAPolicy@michigan.gov. Thank you for your service to Medicaid beneficiaries.

Sincerely,

A handwritten signature in black ink, appearing to read 'K. Massey', with a long horizontal line extending to the right.

Kate Massey, Director
Medical Services Administration