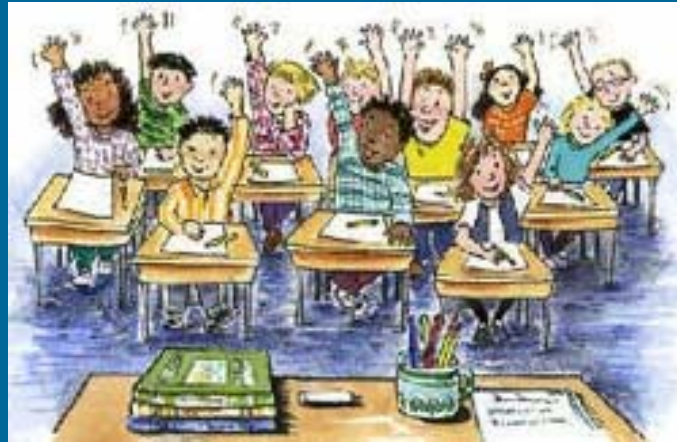


Deductions & PHA



Affordable Housing Management Association of Washington
A Chapter of AHMA Northwest
2006 ANNUAL MEETING AND CONFERENCE
"Cruisin' Your Way to Compliance - in Affordable Housing!"
Thursday-Friday, August 17-18, 2006
Kitsap Conference Center

Presenter: Rhonda Hue



Verifying the Deduction for Disabled Families

- A disabled family is defined as a family whose head, spouse or sole member is a person with disabilities (defined in regulation).
- The mandatory deduction for a disabled family is \$400.

Verifying the Deduction for Disabled Families

- The deduction for a disabled family that is receiving disability benefits from the SSA may be verified:
 - SSA if available
 - Through SSA by phone with family member on the line; or
 - By viewing an original SSA notice provided by disabled family member when third-party is not available

Verifying the Deduction for Disabled Families

- The deduction for a disabled family that is NOT receiving disability payments may be verified in writing by a third party who is a qualified professional with knowledge of the person's disability status
 - The professional may not be a doctor but a qualified professional medical provider.
 - The verification form must state the regulatory requirements for qualifying as a person with disabilities.

Verifying the Deduction for Elderly Families

- An elderly family is defined as a family whose head, spouse or sole member is a person who is at least 62 years of age.
- The mandatory deduction for an elderly family is \$400.

Verifying the Deduction for Elderly Families

- The documents that is needed to verify the deduction of an elderly family are the same documents that it would normally collect when admitting a family to the program such as:
 - Birth Certifications
 - Government issued photo IDs w/birth date
 - SSA award letters w/birth date

Verifying the Deduction for Medical Expenses

- Disabled families and elderly families are entitled to a deduction for unreimbursed medical expenses.
- Medical expenses are defined as medical expenses, including medical insurance premiums, that are anticipated during the period for which annual income is calculated and that are not covered by insurance or otherwise reimbursed.

Verifying the Deduction for Medical Expenses

- If a family qualifies for the medical expense deduction, the medical expenses of all family members are eligible for the deduction.

Verifying the Deduction for Medical Expenses

- Example:
- Head 52 disabled
- Daughter 16
- Grandmother 80
- Son 21

- Who in the family is eligible for medical expenses?
 - The entire family

Verifying the Deduction for Medical Expenses

- The allowable medical expense is that portion that exceeds 3% of annual income.

■ Total Medical	\$900
■ Less 3% of annual income	<u>500</u>
■ Allowable medical deduction	\$400

Verifying the Deduction for Medical Expenses

- Staff should review all medical expense documents provided by the family very closely to ensure that the agency is accurately anticipating regular, ongoing and anticipated expenses during the year.
- Medical bills from previous years paid in full during the current year should not be included – no matter how recent.

Verifying the Deduction for Medical Expenses

- Example:
 - 10/1/02 (eff. date) review conducted on 7/10/02
 - Ms. Harris reported she was paying \$50/month on a past-due medical bill of \$800
 - Bill was to be paid in full 10/1/03

 - 10/1/03 (eff. date) review conducted on 7/23/03
 - Ms. Harris submitted cancelled checks verifying payment on same bill & wanted deduction
- Would you give her the deduction for medical?
 - No, because they won't continue beyond the recert effective date.

Verifying the Deduction for Medical Expenses

- PHAs may use IRS Publication 502 (references section) as guidance in defining medical care and determining what to allow as a medical expense.
- Your agency should adopt written policies that define or identify allowable medical expenses.

Verifying the Deduction for Medical Expenses

- Privacy laws are making it more difficult to verify medical expenses.
- If a health care provider does not respond to your request for verification of a medical expense, you may review tenant-provided documents.
- Staff should examine the documents carefully to ensure:
 - Expenses not counted twice
 - Ineligible expenses not counted