



State of New Jersey
DEPARTMENT OF HUMAN SERVICES
DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES
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Commissioner

KATHRYN A. PLANT
Director

MEDICAID COMMUNICATION NO. 03 - 12 DATE: June 27, 2003

TO: County Welfare Agency Directors
 Tax Security Liaisons
 Institutional Services Section Area Supervisors

SUBJECT: IRS/IEVS Matches for Tax Year 2002

This is a follow-up to Medicaid Communication 03-09, dated February 23, 2003, in which you were advised of the completion of scheduling for the matching of IRS/IEVS data against Tax Year 2001. The following schedule will be used in processing cases against Tax Year 2002.

- File month July 2003 will be processed, with output to your agencies expected in late September.
- File month August 2003 will be processed, with output to your agencies in late October.
- File month September 2003 will be processed, with output to your agencies in late November.
- File month October 2003 will be used to generate Annual Run IRS 1099 data against Tax Year 2002 for all current beneficiaries on the eligibility file at the time of the match. You can anticipate the receipt of this Annual Run data sometime in early January 2004.

Once the above matches are completed, we will advise you of the remaining schedule for IRS 1099 data against Tax Year 2002. In addition, the IRS Document Codes for Tax Year 2002 are attached for your reference in reading the FD-348 forms. Please note the changes in income indicators for Document Codes 31, 73, 86 and 98.

Thank you for your cooperation in this process. Please direct any questions concerning this Communication to Joanne Weigand of the Division's Office of Information Systems at (609) 588-2806.

Sincerely,

A handwritten signature in cursive script, reading "Kathryn A. Plant".

Kathryn A. Plant
Director

KAP:S

Attachment (CWAs)

c: Clifton R. Lacy, M.D., Commissioner
William Conroy, Deputy Commissioner
Department of Health and Senior Services

Jeanette Page-Hawkins, Director
Division of Family Development

Doris Jones, Acting Director
Division of Youth and Family Services

Summary of Changes

Tax Year 2002 (effective cycle 200229)

DIFSLA Program

1. INPUT FILE - FILE LAYOUT REMAINS THE SAME AS LAST YEAR.
2. D3 OUTPUT FILE - FILE LAYOUT REMAINS THE SAME AS LAST YEAR.
3. D9 OUTPUT FILE:
 - A. DOCUMENT CODE 31, FORM 1099-Q, QUALIFIED TUITION PROGRAM PAYMENTS, HAS BEEN ADDED;
 - B. DOCUMENT CODE 73, FORM 1099-CAP, CHANGES IN CORPORATE CONTROL AND CAPITAL STRUCTURE, HAS BEEN ADDED;
 - C. DOCUMENT CODE 86, FORM 1099-G, AMOUNT INDICATOR "05" HAS BEEN DELETED;
 - D. DOCUMENT CODE 98, FORM 1099-R, NON-PAYMENT INDICATOR 2, TITLE FOR CATEGORY OF DISTRIBUTION CODE "M" HAS CHANGED TO "DISTRIBUTION FROM A COVERDELL ESA".

DOC CODE and INCOME INDICATOR

Doc. Code	Document	Income Indicator	Type of Income
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The DOC CODE (D9 pos 382-383) represents the type of document used by the payer to report the income

The INCOME INDICATOR (pos 434-435, 446-447, 458-459, 470-471, 482-483, 494-495, 506-507, 518-519 and 530-531) reflects the type of income reported.

**	No Matched Record on IRMF or Record not Authorized for Disclosure		
00	No information provided		
31	Form 1099-Q	Qualified Tuition Program Payments	
		6B	Earnings - earnings part of qualified tuition program payments made to the designated beneficiary or account owner. Qualified tuition program includes programs established and maintained by private eligible educational institutions.
	Non-Payment Indicator 1 (Pos. 542) <u>Designated Beneficiary Code</u> 1 = Recipient is not the designated beneficiary b = Box not checked		
32	W-2-G	Statement of Gambling Winnings	
		03	Gross Winnings - income resulting from wagers.
		21	Winnings from Identical Wagers -income from identical wagers.
	Non-Payment Indicator 1 (Pos. 542) <u>Gambling</u> 1 = Horse Racing 5 = Keno 2 = Dog Racing 6 = Casino Type Bingo 3 = Jai-alia 7 = Slot Machines 4 = State Lottery 8 = Other		
65	1065-K1	Partners Share of Income, Credits, Deductions, etc.	
		01	Dividends - distribution of money, stock, or other property from partnership.

DOC CODE and INCOME INDICATOR

Doc. Code	Document	Income Indicator	Type of Income
65 Cont'd		02	Interest - income from or credited to: accounts (including certificates of deposit and money market accounts) with banks, credit unions and savings and loan associations; building and loan accounts; notes, loans and mortgages; tax refunds; insurance companies if paid or credited on dividends left with the company; bonds and debentures; also arbitrage bonds issued by State and local governments after October 9, 1969; gain on the disposition of certain market discount bonds to the extent of the accrued market discount; U.S. Treasury bills, notes and bonds; U.S. savings bonds which include: total interest when bond is cashed or when bond reaches maturity and no longer earns interest; or yearly increase in the bond(s)' value.
		19	Royalties - income from oil, gas, mineral properties, copyrights and patents.
		73	Ordinary Income - share of income (loss) from trade or business activities of partnership.
		74	Real Estate - income (loss) from activity in which partner did not materially participate.
		75	Other Rental - income (loss) activity in which partner did not materially participate.
		76	Guaranteed Payments - partner's share of income for services.
		97	Short Term Capital Gain - income (loss) from partnership of less than 1 year.
		98	Long Term Capital Gain - income (loss) from partnership of more than 1 year.
66	1041-K1	Beneficiary's Share of Income, Credits, Deductions, Etc.	
		01	Dividends - distribution of money, stock, or other property from an estate or trust.
		02	Interest - beneficiary's share of taxable income from accounts with banks, credit unions and thrifts (e.g., certificates of deposit and money market accounts).
		32	Business Income and Other Nonpassive Income - beneficiary's share of annuities, royalties, or any other income not subject to passive activity limitation.

DOC CODE and INCOME INDICATOR

Doc. Code	Document	Income Indicator	Type of Income
		90	Passive Income - Rental income from trade or business activities in which beneficiary did not materially participate.
		97	Short Term Capital Gain - income from installment sales, like-kind exchanges and/or other partnerships and fiduciaries of less than 1 year.
		98	Long Term Capital Gain - income from installment sales, like-kind exchanges and/or other partnerships and fiduciaries of more than 1 year.
67	1120S-K1	Shareholder's Share of Undistributed Taxable Income, Credits, Deductions, Etc.	
		01	Dividends - distribution of cash; value of stock, property or merchandise received as a shareholder (e.g., mutual fund).
		02	Interest - income from or credited to: accounts (including certificates of deposit and money market accounts) with banks, credit unions and savings and loan associations; buildings and loan accounts; notes, loans and mortgages; tax refunds; insurance companies if paid or credited on dividends left with the company; bonds and debentures; also arbitrage bonds issued by State and local governments after October 9, 1969; gain on the disposition of certain market discount bonds to the extent of the accrued market discount; U.S. Treasury bills, notes and bonds; U.S. savings bonds including total interest when bond is cashed or when bond reaches maturity and no longer earns interest; or yearly increase in the bond(s)' value; income received or credited to an account that may be withdrawn.
		19	Royalties - income from oil, gas, mineral properties, copyrights and patents.
		73	Ordinary Income - shareholder's pro rata share of ordinary income, loss, deductions, credits and other information from all corporate activities.
		74	Rental Real Estate - net income (loss) in which shareholder did not materially participate.
		75	Other Rental - net income (loss) from other rental activity in which shareholder did not materially participate.
		97	Short Term Capital Gain - income from sales and exchanges of capital assets, including stocks, bonds, etc. and real estate held for less than 1 year.

DOC CODE and INCOME INDICATOR

Doc. Code	Document	Income Indicator	Type of Income
		98	Long Term Capital Gain - income from sales and exchanges of capital assets, including stocks, bonds, etc. and real estate held for more than 1 year.
73	1099-CAP	Changes in Corporate Control and Capital Structure	
		6D	Cash Received (may be negative amount)
		6E	Fair Market Value of Stock Received (may be negative amount)
		6F	Fair Market Value of Property Received (may be negative amount)
	Non-Payment Indicator 1 (Pos. 542) <u>Gross Proceeds</u> b = nothing checked 1 = gross proceeds including commissions 2 = gross proceeds minus commissions		
75	1099-S	Statement for Recipients of Proceeds from Real Estate Transactions	
		50	Real Estate Sales - gross proceeds from sale or exchange of real estate.
79	1099-B	Statement for Recipients of Proceeds from Real Estate Brokers and Barter Exchange Transactions	
		61	Stocks and Bonds - gross proceeds from disposition of securities (including short sales), commodities, or forward contracts.
		63	Aggregate Profit and Loss - total profit (loss) from regulated futures or foreign currency contracts.
		64	Realized Profit or Loss - profit (loss) realized on closed regulated futures or foreign currency contracts.

DOC CODE and INCOME INDICATOR

Doc. Code	Document	Income Indicator	Type of Income
82	SSA-1099	Social Security Benefit Statement	
		04	Total Benefits Paid - gross amount of benefits the individual is entitled to for the current tax year. This amount is prior to subtracting the amount of any benefit checks returned, adjustments for disability payments, work, overpayments and/or cash repayments.
	Non-Payment Indicator 1 (Pos. 542) <u>Trust Fund</u> R = Retirement D = Disability		
	Non-Payment Indicator 2 (Pos. 543) <u>SSA/RRB</u> 0 = Either RRB or SSA 1 = Both RRB and SSA		
86	1099-G	Statement for Recipients of Certain Government Payments	
		14	Unemployment Compensation - payments of unemployment compensation including Railroad Retirement Board payments.
		54	Agricultural Subsidies - agricultural subsidy payments
		55	Prior Year Refund - refunds, credits, or offsets of State or local income tax.
91	1099-DIV	Statement for Recipients of Dividends and Distributions	
		23	Capital Gains - amount of total capital gain distributions (long-term).
		24	Nontaxable Distribution - amount of nontaxable distribution.
		27	Cash Liquidation Distribution - amount of cash distributed as part of a corporation's partial or complete liquidation.
		28	Noncash Liquidation Distribution - fair market value (at time of distribution) of non-cash distributions made as part of partial or complete liquidation of a corporation.
		41	Ordinary Dividend - amount of ordinary dividends, including those from money market funds and net short-term capital gains from mutual funds, and other distributions on stock.
		2C	28% Rate Gain - any amount of capital gains (IND 23) that

DOC CODE and INCOME INDICATOR

Doc. Code	Document	Income Indicator	Type of Income
			is 28% rate gain.
		2D	Unrecaptured Section 1250 Gain - any amount of capital gains (IND 23) that is section 1250 gain from certain depreciable real property.
		2E	Section 1202 Gain - any amount of capital gains (IND 23) that is section 1202 gain from certain qualified small business stock.
92	1099-INT	Statement for Recipients of Interest Income	
		02	Interest - amounts paid or credited by: savings & loan associations, mutual savings banks, building & loan associations, credit unions or similar organizations; bank deposits, accumulated dividends paid by life insurance companies, indebtedness (bonds, debentures, notes and certificates); in course of trade or business; delayed death benefits from insurance companies; accrued to a REMIC regular interest holder, or paid to a CDO holder.
		22	Savings Bonds - interest paid on U.S. Savings Bonds, Treasury Bills, Treasury Bonds and Treasury Notes.
93	1099-LTC	Distributions from Long Term Care Insurance Contract	
		1E	Gross Benefits
		1F	Accelerated Death Benefits Paid
94	1099-MSA	Distributions from Medical Savings Accounts	
		2A	Earnings on Distributive Excess Contributions
		2B	Gross Benefits
	Non-Payment Indicator 1 (position 542) <u>Distribution Code MSA</u> 0 = Not set 1 = Normal Distribution 2 = Excess Contributions 3 = Disability 4 = Death 5 = Prohibited Transaction 6 = Distribution to a Non-spousal Beneficiary		

DOC CODE and INCOME INDICATOR

Doc. Code	Document	Income Indicator	Type of Income
95	1099-MISC	Statement for Recipients of Miscellaneous Income	
		16	Medical Payments - payments made in the course of trade or business to each physician or other supplier or provider of medical or health care services, including payments made by medical and health care insurers under health, accident, and sickness insurance programs.
		18	Rents - income received as rents; e.g., owner of housing project, real estate rentals for office space, machine rentals and pasture rentals.
		19	Royalties - income paid from oil, gas, mineral properties, copyrights and patents.
		20	Other Income - income not reportable in other boxes on form; e.g. prizes and awards, punitive damages, deceased employee's wages paid to estate or beneficiary.
		30	Substitute Payments for Dividends - total payments received by a broker on behalf of a taxpayer in lieu of dividends or interest as a result of a transfer of a taxpayer's securities for use in a short sale.
96	1099-OID	Statement for Recipients of Original Issue Discount	
		02	Interest - amount paid or credited. The difference between the stated redemption price at maturity and the issue price of a debt instrument.
		53	Original Issue Discount - the difference between the issue price of a debt instrument (e.g., stock, bond or promissory note) and the stated redemption price at maturity.
		91	Original Issue Discount on Treasury Obligations - amount of OID on U.S. Treasury obligation for the part of the year it was owned by the record holder.
97	1099-PATR	Statement for Recipients of Taxable Distributions Received from Cooperatives	
		43	Patronage Dividends - cash, written notice of allocation or other property distribution by a farmer's cooperative.
		44	Nonpatronage Dividends - cash, written notice of allocation or other property distribution by a farmer's cooperative.

DOC CODE and INCOME INDICATOR

Doc. Code	Document	Income Indicator	Type of Income
		45	Retained Allocations - cash, per-unit retail certificates and other property distributed by a cooperative
		46	Redemption Amount - value of written notice of allocation issued as patronage dividends.
98	1099-R	Distributions from Pensions, Annuities, Retirement or Profit-sharing Plans, IRAs, Insurance Contracts, Etc.	
		38	Unrealized Appreciation – Portion of distribution that represents net unrealized appreciation in securities of the employer corporation (or subsidiary or parent corporation) attributable to employee contributions.
		39	Other Income - actuarial value of annuity contract or retirement bond, retirement account exchange or death benefit payment that is part of a lump-sum distribution.
		80	Gross Distribution - total amount of distribution from pensions (including disability), profit-sharing plans, retirement plans, employee savings plans and/or annuities before income tax or other deductions are withheld. Includes premiums paid by a trustee or custodian for current life or other insurance protection, or IRA or SEP distributions. Savings Bonds distributed from a pension plan, death benefit payments and death payments made by employers that are not part of a plan. In the case of a distribution representing CDs, the net amount is reported.
	Non-Payment Indicator 1 (position 542) <u>Total Distribution</u> 0 = Not checked 1 = Total Distribution		
	Non-Payment Indicator 2 (position 543) <u>Category of Distribution</u> 0 = Not significant 1 = Premature payment 2 = Premature distribution 3 = Disability 4 = Death 5 = Prohibited transactions 6 = Section 1035 exchange 7 = Normal distribution 8 = Excess contributions refunded plus earnings 9 = PS 58 costs		

DOC CODE and INCOME INDICATOR

Doc. Code	Document	Income Indicator	Type of Income
98 Cont'd			<p>A = Qualifies for 10-Year averaging</p> <p>D = Excess contributions plus earnings/excess deferrals taxable in 1987</p> <p>E = Excess annual deductions under Section 415</p> <p>F = Charitable gift annuity</p> <p>G = Direct rollover to IRA</p> <p>H = Direct rollover to qualified plan or tax sheltered annuity</p> <p>J = Distribution from a ROTH IRA in 1st 5 years</p> <p>L = Loans treated as distribution</p> <p>M = Distribution from a Coverdell ESA</p> <p>N = IRA Contributions made and recharacterized in the current Year</p> <p>P = Excess contributions refunded plus earnings on such Contributions in the prior year</p> <p>R = IRA contributions made in the prior year and recharacterized in the current year</p> <p>S = Early distribution from a simple IRA</p> <p>T = Roth IRA distribution not subject to penalty</p> <p>W = RRB-Vested dual benefit (Windfall)</p> <p>X = RRB-Tier 1</p> <p>Y = RRB-Tier 2</p> <p>Z = RRB-Supplemental</p> <p>(position 544) same as Category of Distribution, first position (one or both may be set).</p>