



## MAGI Refresher Webinar

March 12, 2014

10:00 a.m. – 12:00 p.m.

Hosted by:

The Covering Kids and Families Project at the Colorado Community Health Network for Colorado Community Health Center Outreach and Enrollment Staff

Presented by:

Connie Jimenez from the Health Care and Economic Security Staff Development Center and Ian McMahon from the PEAK Outreach Team

You can listen to the recorded webinar [here](#).

Thank you for taking the time to participate in or listen to the webinar.

Thank you,  
Covering Kids and Families  
Colorado Community Health Network

# CHC O&E MAGI Refresher

Connie Jimenez

Training Specialist

Colorado Health Care and Economic Security

Staff Development Center



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# Agenda

- Household Composition
- Questions
- Income
- Questions



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# Rules for Household Composition



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# New Household Composition

- Household composition is determined on an individual basis
- Household composition for each individual in the case is determined based on the Tax-Filer rules or the Non-Filer rules
- Each individual in the case will have a household created with the individual as the eligible person (adult or child) and others in the case showing as “counted” or “excluded” based on the new rules



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# 3 Questions

- Does the individual expect to file taxes?
- Does the individual expect to be claimed as a tax dependent by anyone else?
- Do any exceptions apply for the tax dependents?



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# Tax Filer

- A taxpayer is a person who files and pays taxes, as an individual or for the family.
- A taxpayer can be an individual or a married couple.
- A taxpayer can take exemptions which reduce the taxpayer's taxable income.
- Cannot be considered a filer if claimed as dependent



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# Tax Filer Household

- Tax filer
- Their spouse (if living with them)
- Everyone that the tax filer is claiming as a tax dependent





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# Non-Filer

- Individuals not filing a tax return and not claimed as a dependent on another person's tax return



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# Non-filer Household

- Individual
- Individual's spouse (if living with the individual)
- Individual's natural, adoptive, and step children under age 19 (if living with the individual)

For individuals under 19 include:

- their natural, adopted or step-parents , if in the home
- their natural, adopted or step sibs under age 19, if in the home



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# Tax Dependent

- A Tax Dependent can be a “Qualifying Child” or a “Qualifying Relative”
- Does not matter if they file their own taxes
- A household member is counted as a Tax Dependent if he/she is claimed as such by the Tax Payer and does not meet the following exceptions



## 3 Exceptions

- Tax dependent claimed by someone other than parent/spouse
- Tax dependent under age 19 living with both parents who are not filing a joint return
- Tax dependent under age 19 claimed by a non-custodial parent



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# Rules for Tax Dependents

- If the household member **does not** meet any of the exceptions, then the Tax Filer rules apply BUT also include the individuals' spouse if in the home
- If the household member **meets any exception**, then follow the Non-Filer rules



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# Household Size

- Each individual on an application or case's household might be a different size, depending on their household composition
- A pregnant woman's household includes the number of children she is expecting



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Tax Filer	Non-Filer	Tax Dependent
<ul style="list-style-type: none"> <li>• Tax filer</li> <li>• Their spouse (if living with them)</li> <li>• Everyone that the tax filer is claiming as a tax dependent</li> </ul>	<ul style="list-style-type: none"> <li>• Individual</li> <li>• Individual's spouse (if living with the individual)</li> <li>• Individual's natural, adoptive, and step children under age 19 (if living with the individual)</li> <li>• For individuals under 19 – their natural, adopted or step-parents + their natural, adopted or step sibs under age 19 (if living with the individual)</li> </ul>	<p>No Exception</p> <ul style="list-style-type: none"> <li>• Same as Tax Filer but also add the individual's spouse if in the home</li> </ul> <p>Exception</p> <ul style="list-style-type: none"> <li>• Same as Non-Filer</li> </ul>



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# Household Composition Questions?





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# Valley-Wide Scenario

Susan lives with and claims on her taxes her pregnant daughter Kathleen, and Kathleen's two kids, Jacob and Kristen.

**Susan**



**Kathleen**



**Jacob**



**Kristen**





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# Valley-Wide Scenario

## Susan

Tax Filer  
Tax Filer Rules  
Household = 4



## Jacob

Tax Dependent  
Non-Filer Rules  
Household = 3



## Kathleen

Tax Dependent  
Tax Filer Rules  
Household = 5



## Kristen

Tax Dependent  
Non-Filer Rules  
Household = 3





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# Additional Household Composition Questions?



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# Rules for Income



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# Modified Adjusted Gross Income



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# What Income Counts?

- Household income is the sum of MAGI of all individuals in the household who are required to file a tax return
- Income of children and tax dependents not counted unless expected to be *required* to file a tax return



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# Countable Income

Counts Taxable  
Income

- Salaries, Wages, Tips
- Capital Gains
- Unemployment Benefits
- Cash Contributions from Family Members
- Under the Table Employment
- SSDI, Retirement, Survivors Benefits

Minus Allowable  
Tax Deductions

- Retirement Plan Contributions
- Child Care
- Mortgage Interest

Does Not Count  
Non-Taxable  
Income

- Child Support



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# Disregard

- 5% Across the Board Disregard
- Increases FPL from 133% -138% for the expansion population (Adults and Parent/Caretaker Relatives)
- Children and Pregnant income levels have been increased





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<b>Family Size</b>	<b>Children (0-18) 142% FPL</b>	<b>Pregnant Women 195% FPL</b>	<b>Adults, Parents, &amp; Caretaker Relatives 133% FPL</b>
1	1360	1868	1274
2	1836	2521	1720
3	2312	3174	2165
4	2787	3827	2611
5	3263	4481	3056
6	3739	5134	3502
7	4214	5787	3947
8	4690	6440	4393
9	5166	7094	4838
10	5641	7747	5284



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# Reasonably Compatible Income

- Income attestation and data sources are considered reasonably compatible when:
  - Both attestation and data are below Medicaid MAGI levels
  - Both attestation and data are above Medicaid MAGI levels
  - Attestation is above Medicaid MAGI levels (regardless of whether obtained data is above or below Medicaid MAGI levels)
- In these instances, eligibility will continue to be determined without the need of additional information or documentation



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# Non-Compatible Income

- If income information is not determined reasonably compatible, additional information is required
- A reasonable explanation of the discrepancy shall be requested. If the applicant is unable to provide a reasonable explanation, paper documentation shall be requested



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# Self Employment Income

## Gross Income - Business Expenses

- Rent of Business Premises
- Wholesale Cost of Merchandise
- Utilities
- Taxes
- Labor
- Upkeep of Necessary Equipment

## Non-Business Expense

- Depreciation of Equipment
- Payment on Loans for Capital Asset or Durable Goods
- Personal Expenses (income tax payments, lunch, transportation to and from work)



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Apply For Benefits
✓ Start
✓ People
3 Liquid Assets
4 Other Assets
<b>5 Job Income</b>
6 Other Income
7 Housing Bills
8 Other Bills
9 Finish
10 Submit

## More About abcdefg's Self-Employment

You've told us that abcdefg is self-employed. Please answer the questions below to tell us more about this self-employment. You will be asked to provide proof of your business earnings and expenses.

### Self-Employment

What type of self-employment does abcdefg have?

Self Employment

How much money does abcdefg make each month from self-employment? Please give us the amount that abcdefg earns before any taxes, deductions, or expenses are taken out.

\$

How many hours a week is abcdefg self-employed? If abcdefg's hours are not regular, please try to estimate the number of hours.

How much are abcdefg's business rent/mortgage expenses each month?

\$

How much is abcdefg's gross business labor cost each month?

\$

How much is abcdefg's cost of merchandise for business each month?

\$

How much does abcdefg pay in business taxes each month?

\$

How much does abcdefg pay towards interest for business each month?

\$

How much does abcdefg pay towards utilities for business each month?

\$

What are abcdefg's business equipment costs each month?

\$

What are abcdefg's other business costs each month?



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9 Finish	\$ <input type="text"/>
10 Submit	How much does abcdefg pay in business taxes each month? \$ <input type="text"/>
	How much does abcdefg pay towards interest for business each month? \$ <input type="text"/>
	How much does abcdefg pay towards utilities for business each month? \$ <input type="text"/>
	What are abcdefg's business equipment costs each month? \$ <input type="text"/>
	What are abcdefg's other business costs each month? \$ <input type="text"/>
	What is the name of abcdefg's self-employment business? <input type="text"/>
	When did abcdefg start this self-employment business? <input type="text"/>
	Is abcdefg the only owner of this business? <input type="radio"/> Yes <input type="radio"/> No
	Is this a home based business? <input type="radio"/> Yes <input type="radio"/> No
	Does abcdefg have any other self-employment? <input type="radio"/> Yes <input type="radio"/> No
	<input type="button" value="Back"/> <input type="button" value="Next"/>



State of Colorado

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# Sponsorship

- Sponsor information should be requested from the applicant, although it may not count in CBMS
- Stay tuned, more to come



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# Income Questions?



# Thank you for Participating



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## MAGI Refresher Webinar Questions and Answers

### Additional Resources

[IRS publication 501](#) – IRS guidance regarding who is considered a tax dependent.

Updated 2014 [MAGI Medicaid Income Guidelines](#) and [MAGI CHP+ Income Guidelines](#)

Questions about income? Read Colorado's Rule [8.100.3.k](#)

**Q.** If a parent follows the non-custodial parent rule; one year mom claims the child/children and the next year the dad claims the child/children, should the application reflect the parent who claimed the child this year, or the parent who will claim the child on their next taxes?

**A.** The household composition is based on how they anticipate filing taxes. The child's household should include the parent who will claim them and any other siblings.

**Q.** For a child who lives with both parents but will be claimed by one parent because the parents are not filing jointly, is the child considered part of the household of the parent claiming the child, or would the child be considered a part of the both of the parent's households?

**A.** If the mother and father are living together in the same household, the spouse of the parent who claims the child will be included even if the parents are not filing jointly. This includes common-law marriage because they are representing themselves as being married. Both of the parents' incomes would count.

**Q.** In a family of a pregnant wife, husband, and one child, would the unborn child count for each family member's household assuming the husband and wife file taxes jointly?

**A.** For the wife, her household size will consist of herself, her husband, 1 child, and unborn child (4). For everyone else in the family, their household size will consist of husband, wife, and child (3), until the baby is born. When the baby is born each family member's household size will be 4.

**Q.** Does the income chart include the disregard?

**A.** No, the income chart is pre-disregard.

**Q.** On the attached income chart, why are kids listed at 142% FPL and pregnant women at 195% FPL?

**A.** The Medicaid expansion covers adults at or below 133% FPL, where before, the income limits were much lower. Medicaid eligibility for children and pregnant women is higher to compensate for the loss of income disregards that had been applied to their income determination prior to the Affordable Care Act. MAGI does not have any of the old income disregards and only has an across the board 5% disregard. Part of the Affordable Care Act ensures that no one will lose their coverage due to MAGI implementation. The state decided that 142% and 195% income levels would ensure that children and pregnant women wouldn't become ineligible for Medicaid because of the switch to MAGI.

**Q.** Self-employment is done through a ledger for Medicaid, does Connect for Health Colorado use the adjusted gross income from the front of the tax return or do they use the information from the Medicaid profit loss page?

**A.** Connect for Health Colorado uses the applicant's expected annual adjusted gross income to determine financial assistance eligibility. In the event that Connect for Health Colorado is unable to verify an applicant's income through electronic databases, additional information, such as the profit loss ledger used by Medicaid may be requested by Connect for Health Colorado from the applicant.

**Q.** A single, self-employed woman is a real estate broker. Because of her job, her income fluctuates from month to month. Her income has been \$0 since January 1, however, she has a closing this month, which should provide her with \$5,000 income. It is assumed that when income checks are run quarterly she will lose her coverage. Her income is less than \$15,000 each year. How can we work to ensure continuous coverage?

**A.** She should apply self-attesting her actual income this month (as of today) and the prior month. Do not include her prospective income or a yearly average because things may change. After the closing, she has 10 days to notify Medicaid that her income has changed. If she is denied Medicaid for being over the monthly income amount and applies for and is denied financial assistance through Connect for Health Colorado because she is under the yearly income amount she should appeal to Connect for Health Colorado. The Medicaid and Connect for Health Colorado appeals teams will look at the yearly income and determine appropriate eligibility on a case-by-case basis in such situations.

**Q.** Is Social Security income counted when calculating MAGI?

**A.** Social Security Insurance (SSI) title XIV income is not counted and recipients will be automatically enrolled in Medicaid, however, Social Security Disability Insurance (SSDI) and Title II income is countable. Medicaid income rule [8.100.3.K](#) clarifies what income is counted.

**Q.** Are VA benefits counted as income?

**A.** Yes. Medicaid income rule [8.100.3.K](#) clarifies what income is counted.

**Q.** If a tax filer is a permanent resident with an undocumented spouse and child, can he count them as part of his household? He did not claim them on his taxes for risk of deportation.

**A.** For Medical Assistance purposes, the spouse and dependents should be included on the permanent resident's application. *Medicaid is a non-reporting agency. Citizenship status information will not be shared with other agencies.*