



MAGI Household Composition

Center for Medicaid & CHIP Services

July 18, 2013



What is MAGI?

- MAGI is a methodology for how income is counted and how household composition and family size are determined

MAGI is not a number on a tax return!

- MAGI is based on federal rules for determining adjusted gross income (with some modification)

Alignment of Financial Eligibility Rules in 2014

- Premium tax credits and cost sharing reductions (APTC/CSR) for coverage through the Marketplace
 - Modified adjusted gross income (MAGI) will be used to determine eligibility
- Medicaid and CHIP
 - MAGI-based rules will be used to determine eligibility for most individuals

Modified Adjusted Gross Income (APTC/CSR Eligibility)

- MAGI = Adjusted Gross Income (AGI) plus:
 - Any foreign earned income excluded from taxes
 - Tax-exempt interest
 - Tax-exempt Social Security income
- Tax Household = Tax filer (includes married couples filing jointly) and all claimed tax dependents
- Family size = Number of individuals in the tax household
- Household income = The sum of the tax filer's MAGI plus the MAGI of tax dependents in the family if required to file

MAGI-based Methodology (Medicaid & CHIP Eligibility)

The MAGI-based methodology generally follows MAGI

Income

- Taxable income counted; non-taxable income not counted
- Some adjustments to AGI (e.g., non-taxable Social Security)
- Certain income types are not counted or counted differently under the MAGI-based methodology for Medicaid and CHIP

MAGI-based Methodology (Medicaid & CHIP Eligibility)

Household

- Every individual has his/her own Medicaid (or CHIP) household
- The Medicaid household typically mirrors the tax household
- Spouses are always included in one another's Medicaid household even if not joint filers, if they are living together
- “Non-filer” rules apply to individuals who do not have a “tax household” (and to tax dependents subject to an exception)

Family Size

- Family size may be adjusted for pregnant women included in the Medicaid household

How to Determine Medicaid MAGI

1. Construct a Medicaid household for each applicant
2. Establish the family size for each Medicaid household
3. Determine the household income for each Medicaid household

Constructing a Medicaid Household

The Medicaid household is constructed based on whether the individual is a:

1. Tax Filer
2. Tax Dependent
3. Non-filer (Neither a tax filer nor a tax dependent)

Tax Filers

- Intend to file a tax return
- Do not expect to be claimed as a tax dependent by someone else
- Medicaid household includes:
 - Self
 - Spouse (if filing jointly or living together)
 - Claimed tax dependents

Tax Dependents

- Expect to be claimed as a tax dependent by someone else (whether or not expect to file taxes)
- Do not fall into an exception to the tax dependent rules
- Medicaid household includes:
 - All members of household of tax filer who claims the individual as a tax dependent
 - Spouse (if living together and not already included)

Tax Dependent Exceptions

- Exceptions to the tax dependent rules:
 1. Claimed as a tax dependent by someone other than a spouse or parent
 2. Child (Medicaid Child Age) living with two parents who do not expect to file a joint tax return (step parents count)
 3. Child (Medicaid Child Age) claimed as a tax dependent by a non-custodial parent
- Non-filer rules apply to tax dependents who meet one of these exceptions
- For household composition purposes, Medicaid Child Age is under age 19, with a state option to include individuals age 19 and 20 who are full time students

Non-Filers

- Do not expect to file a tax return
- Do not expect to be claimed as a tax dependent by some else
- Also includes tax dependents who fall under one of the exceptions
- Medicaid household includes:
 - Self (and if living with the individual):
 - Spouse
 - Children
 - Parents (if the individual is under Medicaid child age)
 - Child age siblings (if the individual is under Medicaid child age)

Establishing Family Size

Family size = Number of individuals in the Medicaid household, with the following adjustments:

- Family size for pregnant woman – a pregnant woman is counted as herself plus the number of children she is expected to deliver
- Family size for another individual whose household includes a pregnant woman – the pregnant woman is counted, at state option, as:
 - 1 person
 - 2 people
 - 1 plus the number of expected children

Household Composition

Let's put these rules into action.

Household Composition Steps

A. Does the individual expect to file taxes?

- i. If no – continue to step B (on next slide)
- ii. If yes – does the individual expect to be claimed as a tax dependent by anyone else?
 1. If no - the household consists of the taxpayer, his/her spouse (if filing jointly or living with the taxpayer), and all persons whom the tax filer expects to claim as a tax dependent
 2. If yes – continue to step B (on next slide)

Household Composition Steps

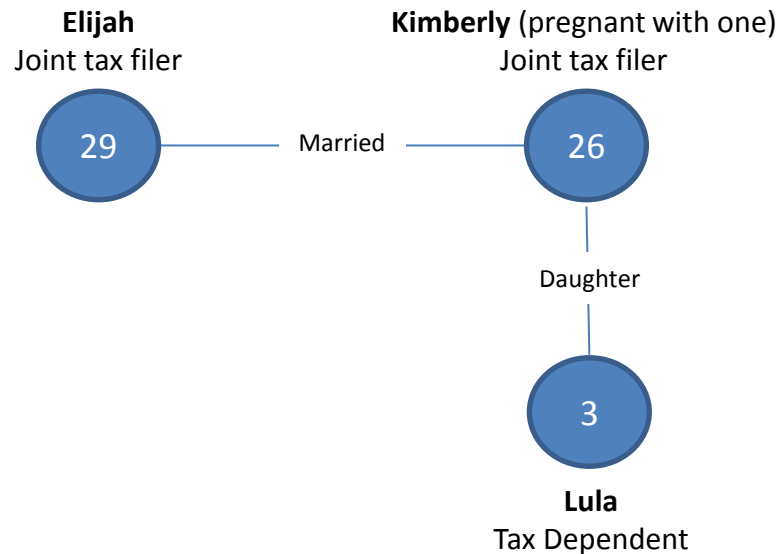
- B. Does the individual expect to be claimed as a tax dependent?
- i. If no – continue to step C (on next slide)
 - ii. If yes – does the individual meet any of the following exceptions?
 - The individual expects to be claimed as a tax dependent of someone other than a spouse or a biological, adopted, or step parent.
 - The individual is a child (under Medicaid Child Age) living with two parents, but the parents do not expect to file a joint tax return.
 - The individual is a child (under Medicaid Child Age) who expects to be claimed by a non-custodial parent.
 1. If no – the household is the household of the tax filer claiming her/him as a tax dependent
 - Is the individual married? If yes - the household also includes the individual's spouse, if living together. (Note: if spouse already included as another tax dependent of tax filer, "living together" does not apply)
 2. If yes – continue to step C (on next slide)

Household Composition Steps

- C. For individuals who neither expect to file a tax return nor expect to be claimed as a tax dependent, as well as tax dependents who meet one of the exceptions in B.ii., the household consists of the individual and, if living with the individual--
- The individual's spouse;
 - The individual's children (under Medicaid Child Age); and
 - In the case of children (under Medicaid Child Age), the child's parents and siblings who are also under the Medicaid Child Age.

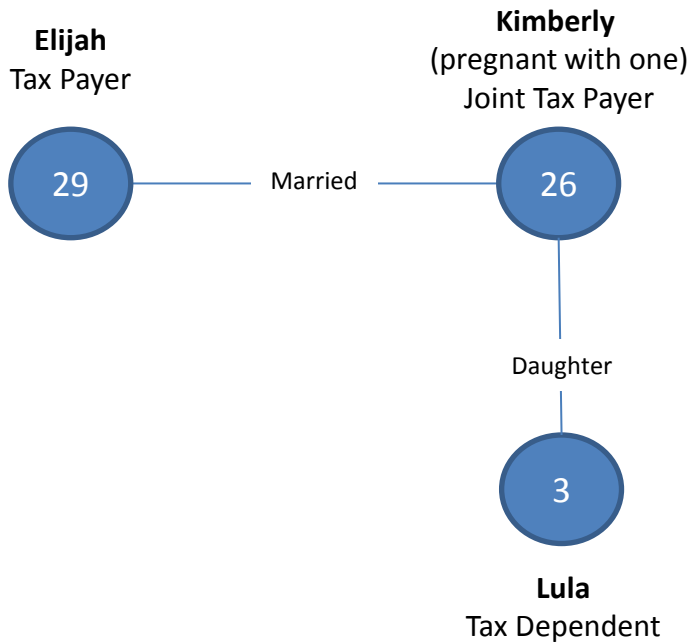
Elijah, Kimberly and Lula

Elijah (age 29) is applying for coverage for himself, his pregnant wife Kimberly (age 26), and Kimberly's daughter Lula (age 3) who lives with them. Elijah and Kimberly intend to file jointly.



Tax household = Elijah, Kimberly, and Lula

Elijah, Kimberly, and Lula



Elijah's Medicaid Household

A. Does Elijah expect to file taxes? **YES**

ii. Does Elijah expect to be claimed as a tax dependent by anyone else? **NO**

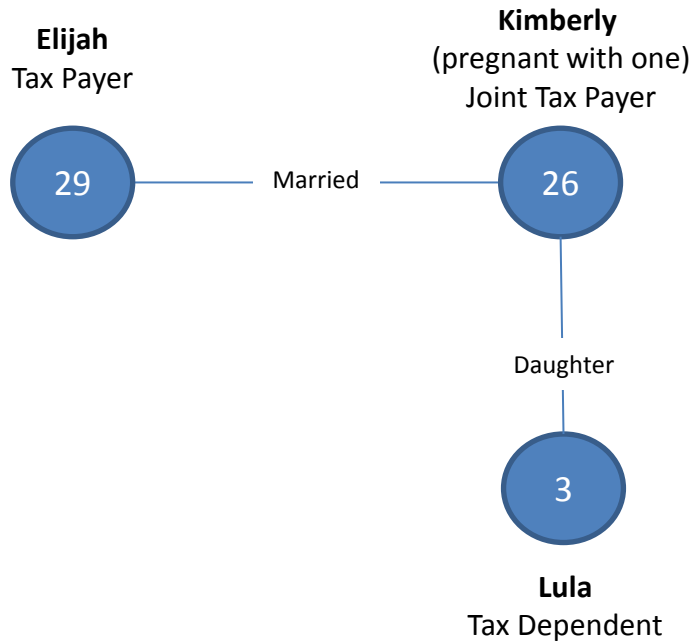
Elijah's Medicaid household = self and wife (as joint filers), and all persons whom they expect to claim as a tax dependent.

Does family size need to be adjusted for pregnancy? **NO**
(The state opts to count pregnant women for other household members as 1)

Elijah's Family Size is 3

Medicaid Household	Elijah	Kimberly	Lula	Family Size
Elijah	X	X	X	3
Kimberly				
Lula				

Elijah, Kimberly, and Lula



Kimberly's Medicaid Household

- A. Does Kimberly expect to file taxes? **YES**
- ii. Does Kimberly expect to be claimed as a tax dependent by anyone else? **NO**

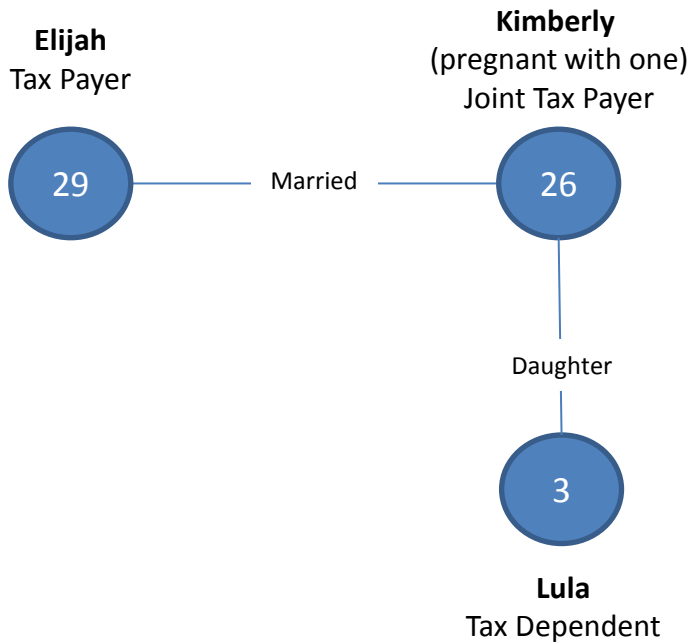
Kimberly's Medicaid household = self and husband (as joint filers), and all persons whom they expect to claim as a tax dependent

Does family size need to be adjusted for pregnancy? **YES**

Kimberly's Family Size is 4

Medicaid Household	Elijah	Kimberly	Lula	Family Size
Elijah	X	X	X	3
Kimberly	X	X+1	X	4
Lula				

Elijah, Kimberly, and Lula



Lula's Medicaid Household

- A. Does Lula expect to file taxes? **NO**
- B. Does Lula expect to be claimed as a tax dependent? **YES**
- ii. Does Lula meet any of the following exceptions?
- Lula expects to be claimed as a tax dependent of someone other than a spouse or a biological, adopted, or step parent. **NO**
 - Lula is a Medicaid age child living with two parents, but the parents do not expect to file a joint tax return. **NO**
 - Lula is of Medicaid age child and expects to be claimed by a non-custodial parent. **NO**

Lula's Medicaid household is the same as the Medicaid household of the taxpayer who is claiming her as a tax dependent.

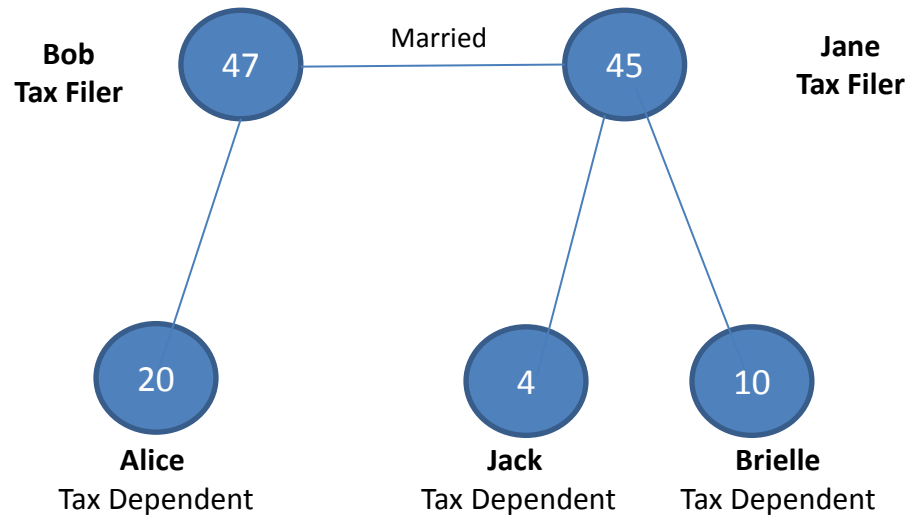
Does family size need to be adjusted for pregnancy? **NO**

Lula's Family Size is 3

Medicaid Household	Elijah	Kimberly	Lula	Family Size
Elijah	X	X	X	3
Kimberly	X	X+1	X	4
Lula	X	X	X	3

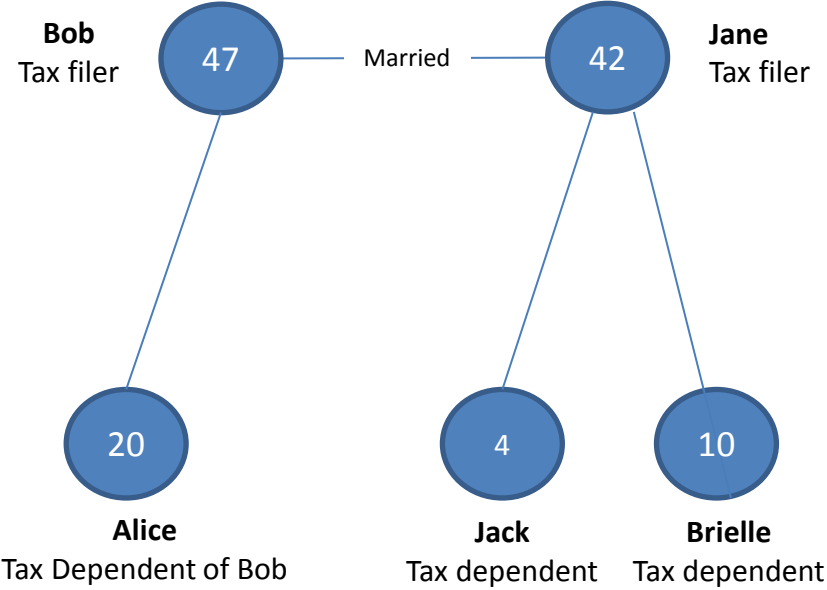
Bob, Jane & their blended family

Bob and Jane are married and intend to file taxes separately. They have two children together, Brielle (age 10) and Jack (age 4), whom Jane intends to claim as tax dependents. Bob also has a 20 year old daughter, Alice, from a previous relationship, whom he intends to claim as a tax dependent. Alice lives with Bob & Jane while attending school full time and working.



Bob's Tax household = Bob & Alice;
Jane's Tax Household = Jane, Jack, and Brielle

Bob, Jane & their blended family



Bob's Medicaid Household

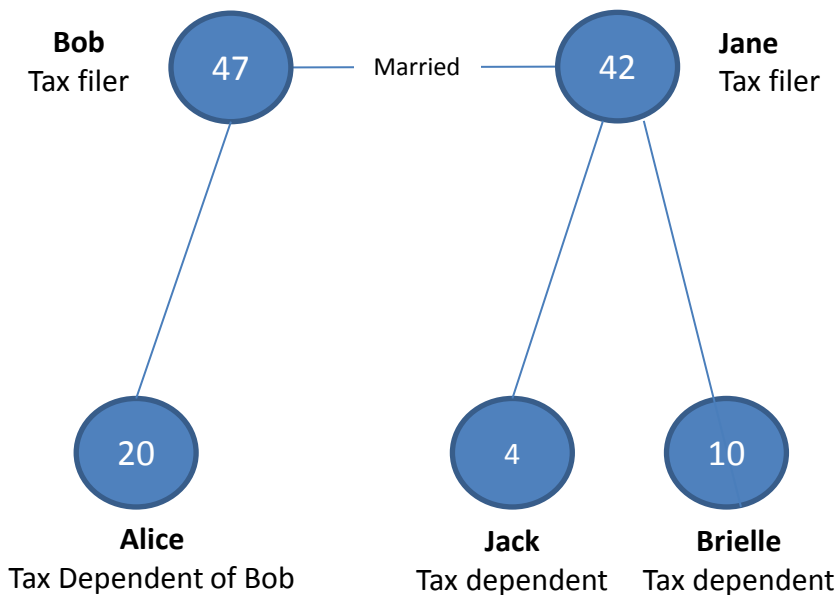
- A. Does Bob expect to file taxes? **YES**
- ii. Does Bob expect to be claimed as a tax dependent by anyone else? **NO**

Bob's Medicaid household = tax filer, spouse living with the tax filer, and all persons whom the tax filer expects to claim as a tax dependent

Bob's Family Size is 3

Medicaid Household	Bob	Jane	Alice	Brielle	Jack	Family Size
Bob	X	X	X			3

Bob, Jane & their blended family



Jane's Medicaid Household

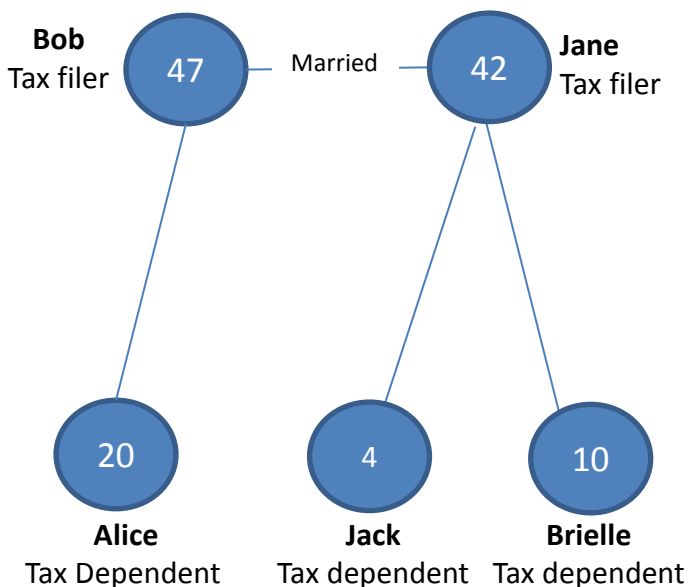
- A. Does Jane expect to file taxes? **YES**
- ii. Does Jane expect to be claimed as a tax dependent by anyone else? **NO**

Jane's Medicaid household = tax filer, spouse living with the tax filer, and all persons whom the tax filer expects to claim as a tax dependent

Jane's Family Size is 4

Medicaid Household	Bob	Jane	Alice	Brielle	Jack	Family Size
Bob	X	X	X			3
Jane	X	X		X	X	4

Bob, Jane & their blended family



Alice's Medicaid Household

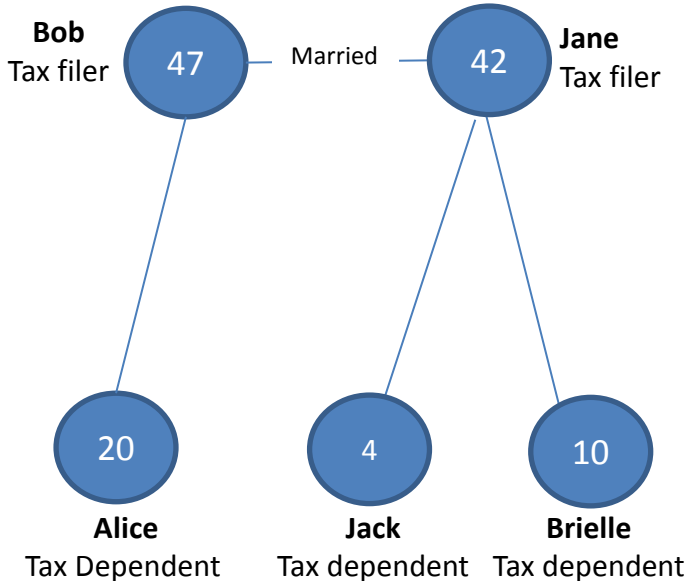
- A. Does Alice expect to file taxes? **YES**
- B. Does Alice expect to be claimed as a tax dependent? **YES**
 - ii. Does Alice meet any of the following exceptions?
 - Alice expects to be claimed as a tax dependent of someone other than a spouse or a biological, adopted, or step parent. **NO**
 - Alice is a Medicaid age child living with two parents, but the parents do not expect to file a joint tax return. **NO** (State did not elect the option to consider full time students, aged 19 and 20, as children for MAGI household composition purposes. If it had, this exception would apply.)
 - Alice is a Medicaid age child who expects to be claimed by a non-custodial parent? **NO**

Alice's household is the Medicaid household of the taxpayer claiming her as a tax dependent. Is Alice married? **NO**

Alice's Family Size is 3

Medicaid Household	Bob	Jane	Alice	Brielle	Jack	Family Size
Bob	X	X	X			3
Jane	X	X		X	X	4
Alice	X	X	X			3

Bob, Jane & their blended family



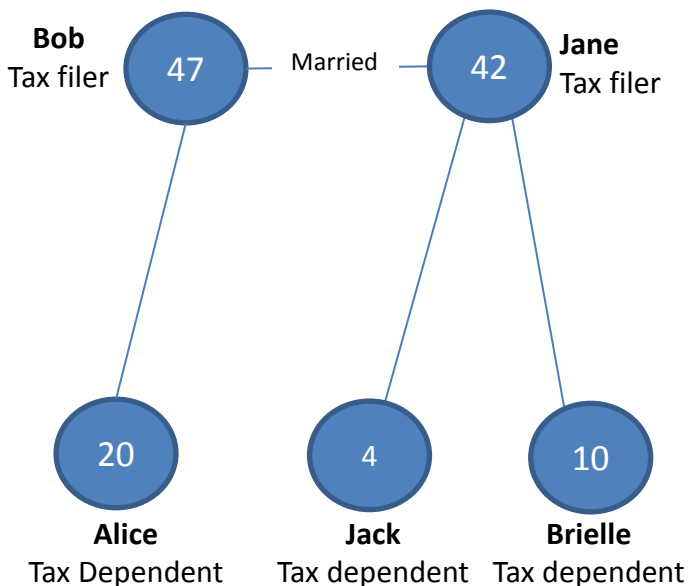
Brielle's Medicaid Household

- A. Does Brielle expect to file taxes? **NO**
- B. Does Brielle expect to be claimed as a tax dependent? **YES**
- ii. If yes-does Brielle meet any of the following exceptions?
- Brielle expects to be claimed as a tax dependent of someone other than a spouse or a biological, adopted, or step parent. **NO**
 - Brielle is a Medicaid age child living with two parents, but the parents do not expect to file a joint tax return. **YES**
 - If yes – continue to step C
- C. Since Brielle meets one of the exceptions in B.ii., the non-filer rules are used. Her household consists of Brielle, and if living with her, Brielle's natural, adopted and step parents and siblings under the Medicaid child age.
(NOTE: Alice is not under the Medicaid child age in this state; as a result, she is not included in Brielle's Medicaid household.)

Brielle's Family Size is 4

Medicaid Household	Bob	Jane	Alice	Brielle	Jack	Family Size
Bob	X	X	X			3
Jane	X	X		X	X	4
Alice	X	X	X			3
Brielle	X	X		X	X	4

Bob, Jane & their blended family



Jack's Medicaid Household

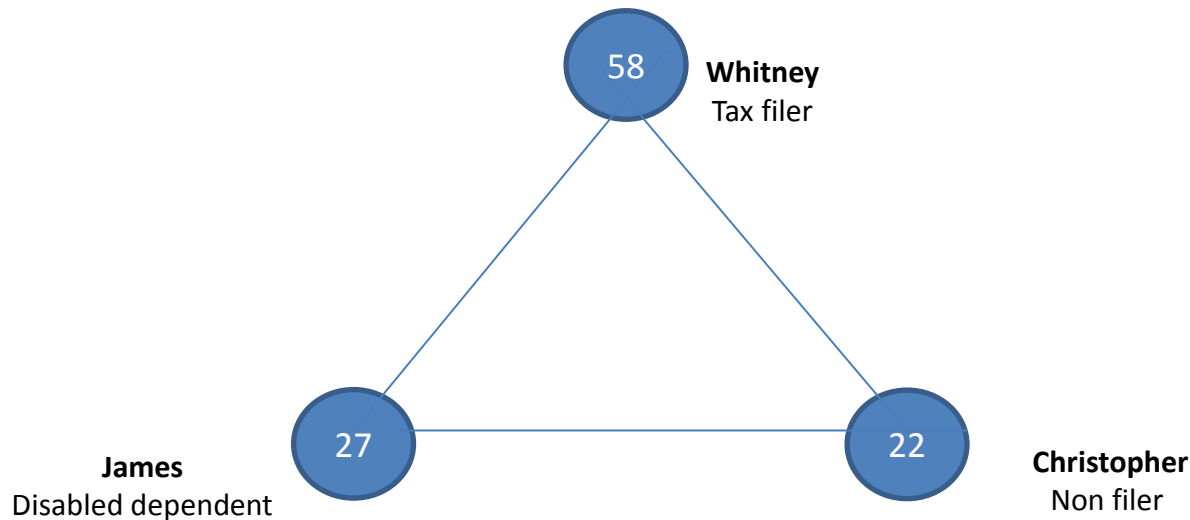
- A. Does Jack expect to file taxes? **NO**
- B. Does Jack expect to be claimed as a tax dependent? **YES**
- ii. If yes—does Jack meet any of the following exceptions?
- Jack expects to be claimed as a tax dependent of someone other than a spouse or a biological, adopted, or step parent. **NO**
 - Jack is a Medicaid age child living with two parents, but the parents do not expect to file a joint tax return. **YES**
 - If yes – continue to step C
- C. Since Jack meets one of the exceptions in B.ii., the non-filer rules are applied. Jack's household consists of Jack, and if living with him, Jack's natural, adopted and step parents and siblings under the Medicaid child age.
(NOTE: Alice is not under the Medicaid child age in this state; as a result, she is not included in Jack's Medicaid household.)

Jack's Family Size is 4

Medicaid Household	Bob	Jane	Alice	Brielle	Jack	Family Size
Bob	X	X	X			3
Jane	X	X		X	X	4
Alice	X	X	X			3
Brielle	X	X		X	X	4
Jack	X	X		X	X	4

Whitney, James & Christopher

Whitney is 58 years old, and has two adult sons who live with her, James and Christopher. James is a 27 year old disabled adult who receives SSI benefits. Christopher is 22 years old and a full time student. Whitney intends to claim James as a tax dependent, but she does not intend to claim Christopher. She is applying for coverage for herself and her two sons.



Whitney's Tax Household = Whitney & James
Christopher is a non-filer and does not have a tax household

Whitney, James & Christopher

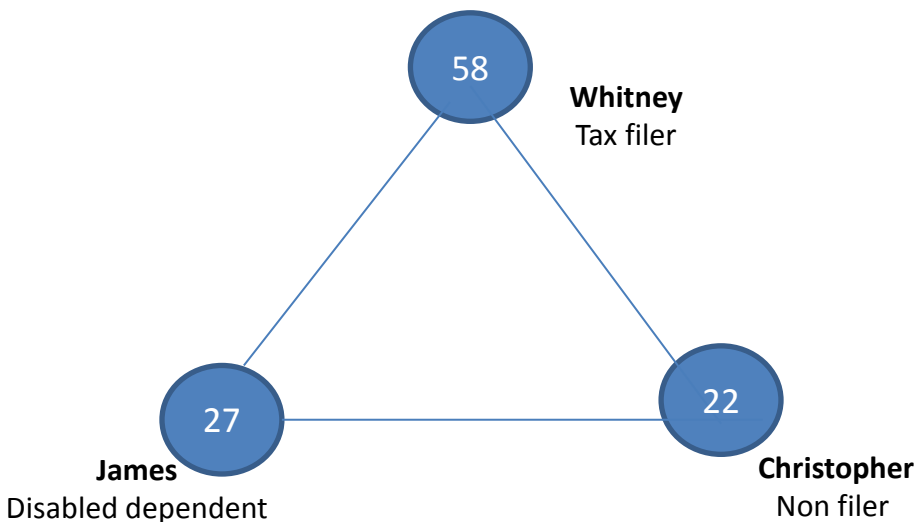
Whitney's Medicaid Household

A. Does Whitney expect to file taxes? **YES**

ii. Does Whitney expect to be claimed as a tax dependent by anyone else? **NO**

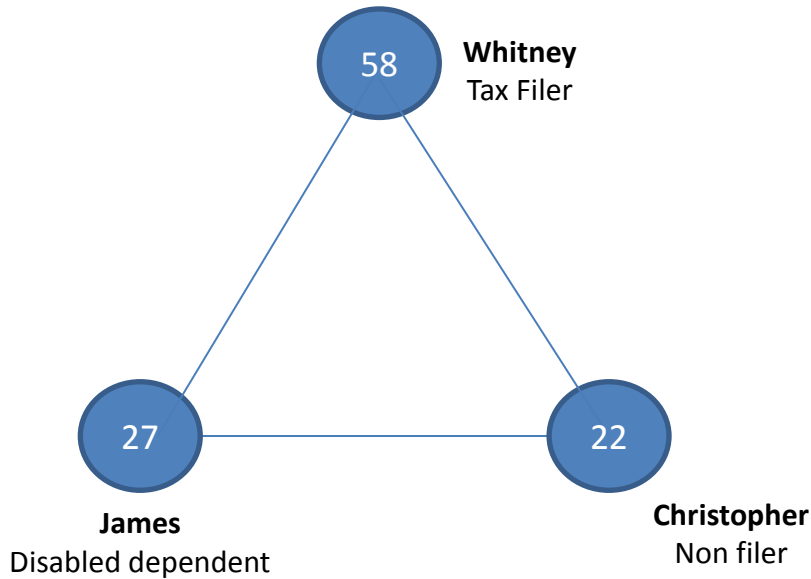
Whitney's Medicaid household = tax filer, her spouse (if applicable) and all persons she expects to claim as a tax dependent.

Family Size is **2**



Medicaid Household	Whitney	James	Christopher	Family Size
Whitney	X	X		2

Whitney, James & Christopher



James' Medicaid Household

(Relevant only if not eligible as SSI recipient or for mandatory group for SSI recipients who meet more restrictive criteria in 209b state)

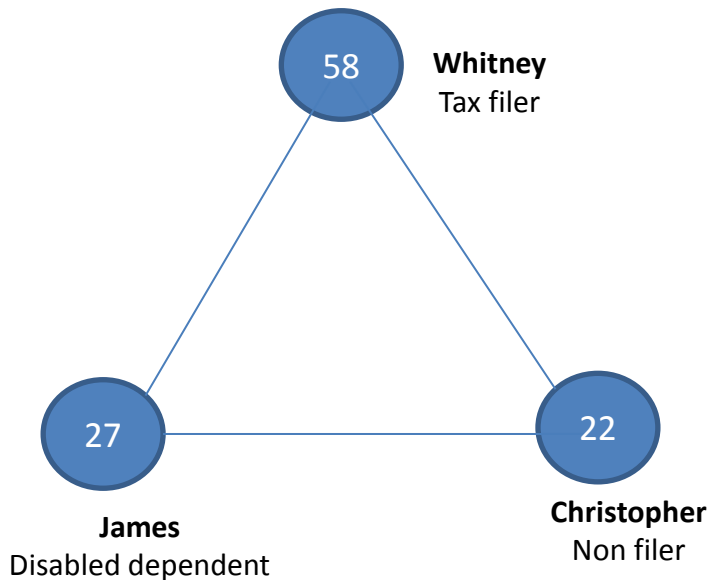
- A. Does James expect to file taxes? **NO**
- B. Does James expect to be claimed as a tax dependent by anyone else? **YES**
 - ii. If yes-does any exception apply? **NO**

James' household is the Medicaid household of the tax filer claiming James as a tax dependent. James is not married.

James' Family Size is 2

Medicaid Household	Whitney	James	Christopher	Family Size
Whitney	X	X		2
James	X	X		2

Whitney, James & Christopher



Christopher's Medicaid Household

- A. Does Christopher expect to file taxes? **NO**
- B. Does Christopher expect to be claimed as a tax dependent by anyone else? **NO**
- C. Non Filer Rules apply since Christopher does not expect to file a tax return or be claimed as a tax dependent.

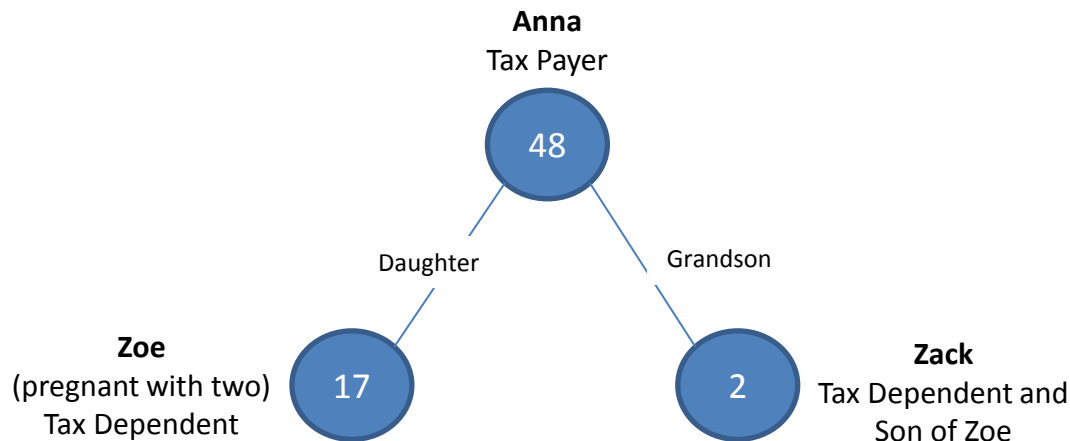
Because he is unmarried, has no children, and is above the Medicaid child age, Christopher's household consists of himself only.

Christopher's Family Size is 1

Medicaid Household	Whitney	James	Christopher	Family Size
Whitney	X	X		2
James	X	X		2
Christopher			X	1

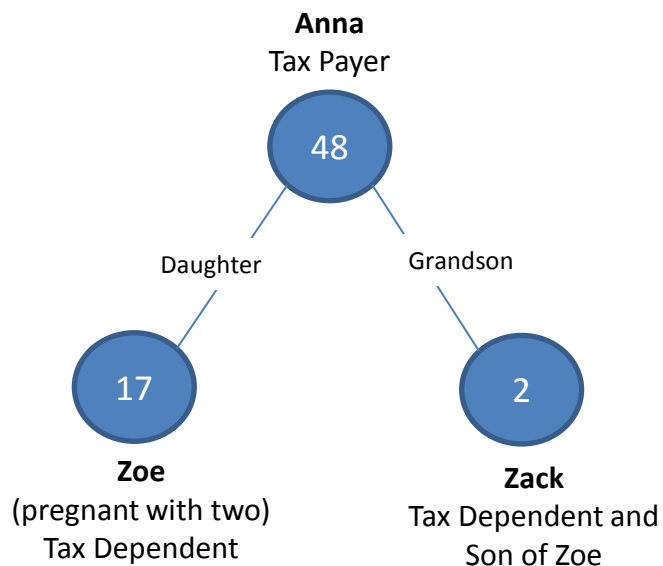
Anna, Zoe and Zach

Anna is 48 years old and lives with her adopted daughter, Zoe who is 17 and Zoe's son, Zack who is 2 years old. Zoe is pregnant with twins. Anna claims both Zoe and Zack as tax dependents. Anna is applying for benefits for herself, Zoe and Zack.



Tax household = Anna, Zoe, Zach

Anna, Zoe and Zack



Anna's Medicaid Household

- A. Does Anna expect to file taxes? **YES**
 ii. Does Anna expect to be claimed as a tax dependent by anyone else? **NO**

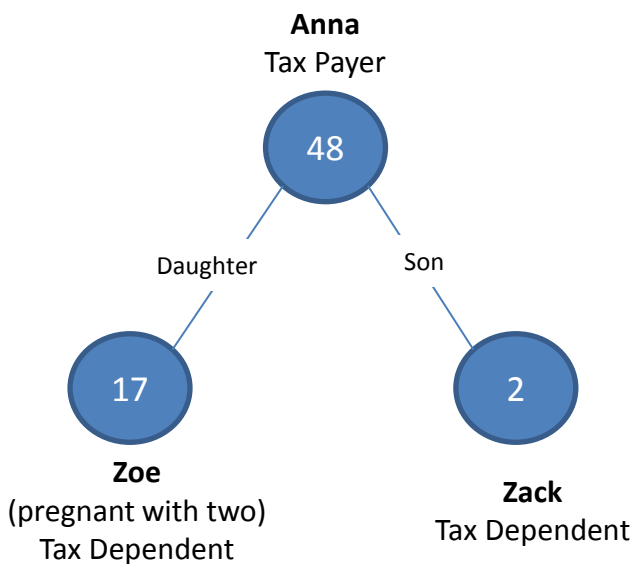
Anna's Medicaid = taxpayer, spouse (if applicable) and all persons whom she expects to claim as tax dependents

Does family size need to be adjusted for pregnancy? **YES**
 (state elected option to count pregnant women as 2 for family size of other household members)

Anna's Family Size is 4

Medicaid Household	Anna	Zoe	Zack	Family Size
Anna	X	X+1	X	4

Anna, Zoe and Zack



Zoe's Medicaid Household

A. Does Zoe expect to file taxes? **NO**

B. Does Zoe expect to be claimed as a tax dependent? **YES**
 ii. Does Zoe meet any of the exceptions to the tax dependent rules? **NO**

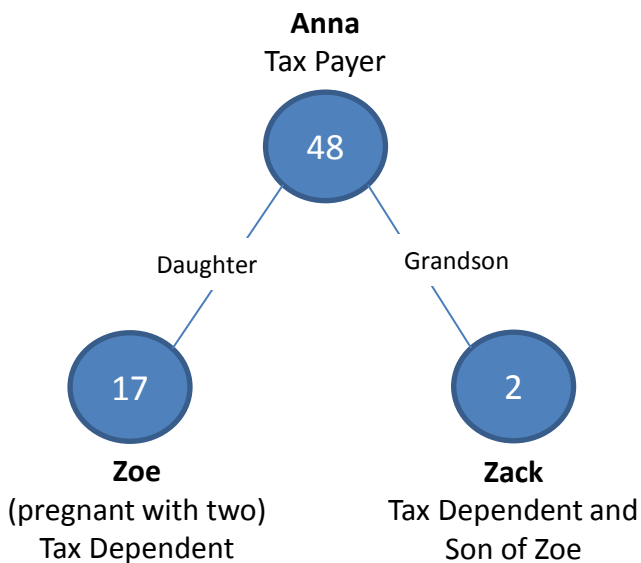
Zoe's Medicaid household is the same as the Medicaid household of the taxpayer claiming her as a tax dependent.

Does family size need to be adjusted for pregnancy? **YES**

Zoe's Family Size is 5

Medicaid Household	Anna	Zoe	Zack	Family Size
Anna	X	X+1	X	4
Zoe	X	X+2	X	5

Anna, Zoe and Zack



Zach's Medicaid Household

A. Does Zach expect to file taxes? **NO**

B. Does Zach expect to be claimed as a tax dependent? **YES**

ii. Does Zach meet any of the exceptions to the tax dependent rules? **YES (Claimed by non-parent/non-spouse)**

Zach's Medicaid household is determined using the non-filer rules (self, spouse, parents, and Medicaid child-age siblings if any, living with him).

Does family size need to be adjusted for pregnancy? **YES**

Zach's Family Size is 3

Medicaid Household	Anna	Zoe	Zack	Family Size
Anna	X	X+1	X	4
Zoe	X	X+2	X	5
Zack		X+1	X	3

Contact

REGION	SOTA POLICY LEAD	ASSIGNED STATES
1	Lisa Jones	CT, ME, MA, NH, RI, VT
2	Lisa Jones Maritza Bodon	NJ, NY PR, USVI
3	Renee Frandson	DE, DC, MD, PA, VA, WVA
4	Jason Berry	AL, GA, FL, KY, MS, NC, SC, TN
5	Renee Frandson	IL, IN, MI, MN, OH, WI
6	Maritza Bodon	AR, LA, OK, NM, TX
7	Jason Berry	IA, KS, MO, NE
8	Lisa Jones	CO, MT, ND, SD, UT, WY
9	Maritza Bodon Lisa Jones	AZ, CA, CNMI, GU, NV HI
10	Jason Berry	AK, ID, OR, WA