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# Getting MAGI Right: A Primer on Differences that Apply to Medicaid and CHIP

*by Tricia Brooks*

The Affordable Care Act (ACA) brought about the most significant transformation of eligibility and enrollment in Medicaid since its enactment fifty years ago. These changes are intended to align access to health coverage across multiple health insurance affordability programs, including Medicaid, the Children's Health Insurance Program (CHIP), and premium tax subsidies to help purchase qualified health plans in the health insurance Marketplaces. However, this makeover for Medicaid (and CHIP) effectuates major changes to how income and household size are determined, requiring states to re-engineer their business rules and procedures, update their eligibility systems, and re-train staff. All states must implement the new Modified Adjusted Gross Income (MAGI) standards for determining eligibility, regardless of whether the state has opted to expand Medicaid. However, MAGI-based standards apply only to certain eligibility categories of Medicaid, including children, pregnant women, parents and the new adult expansion group.

To facilitate the move to MAGI, states are taking advantage of substantial federal funding to replace outdated eligibility and enrollment computer systems.[1] The end goal is for high-performing, interconnected systems to verify eligibility in "real-time" using trusted electronic sources of data. However, designing and deploying a new information technology (IT) infrastructure while overhauling the fundamental policies on which the system is based has been equated to "building the plane while flying it." Until these systems are fully implemented and fine-tuned, states may continue to rely on human resources—state and county workers—to use their knowledge and judgment in making eligibility decisions.

Although Medicaid, CHIP, and tax subsidies in the Marketplaces share a common method for determining eligibility, there are several exceptions that apply only to specific circumstances in Medicaid and CHIP. These exceptions add complexity to the MAGI rules, both in terms of precisely documenting the business rules needed for system development and in training eligibility workers in states where temporary and less automated strategies are used while systems are under development. This brief covers the basics of MAGI with a focus on how it impacts Medicaid and CHIP. It identifies specific eligibility policies that have created confusion for eligibility workers, consumers, and the navigators and certified application counselors who provide enrollment assistance.

## Contents

# BACKGROUND

## MAGI-based rules apply to household size and income.

MAGI is a methodology for determining household size and income based on tax law.[2] For individuals who file taxes and most tax dependents, determining the MAGI-based household size and income is relatively straightforward. The household includes all individuals claimed as exemptions on the tax return: the tax filer, spouse (who is also considered the tax filer), and all tax dependents. MAGI-based income consists of the adjusted gross income (AGI) on the tax return[3] plus three sources of nontaxable income: non-taxable Social Security benefits, tax-exempt interest, and excluded foreign income. For tax filers and most tax dependents, tax filer rules are used to determine eligibility for Marketplace financial assistance, as well as Medicaid and CHIP. However, in specific circumstances, an exception or adjustment may apply in determining household size or income for Medicaid or CHIP eligibility.

Although premium tax credits are only available to tax filers, and married couples must file jointly, individuals and families are not required to file a tax return in order to qualify for Medicaid or CHIP. For non-filers, different rules—based on the relationships of people living together—apply in determining the household size. The same sources of income and deductions that are used to determine MAGI-based income for tax filers generally apply to non-filers, however, there are also a few differences that apply only to Medicaid and CHIP.

## Why it is helpful for assisters and eligibility workers to understand the basics of MAGI.

Individuals who are eligible for Medicaid or CHIP are not eligible to receive financial assistance to purchase a Marketplace plan. As such, it is important to assess Medicaid or CHIP eligibility accurately before determining eligibility for Marketplace subsidies and cost-sharing reductions. Notably, MAGI-based rules are significantly different than pre-ACA Medicaid and CHIP eligibility, and understanding the policies is important in ensuring that new systems and temporary administrative strategies result in accurate eligibility determinations. Knowing the rules also helps consumer assisters and eligibility workers explain to families why members in the same household may be determined eligible for different coverage options. In states with technical difficulties or delays in processing account transfers from the federal or state Marketplace, applying directly through the state Medicaid agency may be advisable and result in a speedier path to enrollment. In these situations, assisters may want to screen for potential Medicaid eligibility and help consumers pursue coverage directly through the Medicaid agency. Moreover, when individuals are not eligible for Medicaid or CHIP coverage, they must project their annual income for the coming year, which is used to calculate the advanced premium tax credits and cost-sharing reductions they receive. Estimate too low and consumers may have to pay back excess tax credits; overstate income and consumers may miss out on enrolling in a plan with lower cost sharing.

## Eligibility workers and assisters are not expected to be tax experts.

Individuals who have previously filed taxes and have relatively stable family circumstances can use prior tax returns to guide how they complete the single, streamlined application that provides ‘no wrong door’ access to Medicaid, CHIP, and Marketplace financial assistance. There are several useful manuals and presentations that can help assisters and eligibility workers better understand MAGI and the tax rules, including excellent guides created by the National Health Law Program and the Center on Budget and Policy Priorities (see resources at the end of this brief). However, assisters are not expected to be tax experts nor should they attempt to give tax advice. While it may be helpful to clarify certain aspects of tax law such as who can be claimed as a dependent, or who can file as head of household, when it comes to tax advice, applicants should be referred to tax preparers or free tax counseling services.[4] This is particularly true in assisting individuals who have never filed before and may wish to claim family or household members as qualifying relatives. Given the complexity of certain tax filing rules, rather than diving deep into tax policy, this brief is intended to help eligibility workers and assisters understand the basics of MAGI, recognize when exceptions apply to Medicaid and CHIP, and identify common inconsistencies in the implementation of MAGI that may result in inaccurate determinations.

# HOUSEHOLD SIZE

## Household size is determined for each person individually.

Under MAGI rules for tax filers, a “household” consists of all individuals who are claimed as tax exemptions on the tax return, regardless of whether they live together. Non-filer rules only counted related people who live together. When exceptions and special rules apply in Medicaid, an individual may be in the same tax-filing household for Marketplace determinations but in a different household for Medicaid or CHIP. Therefore, it is essential to look at each person individually to determine which rules apply.

## Determining which rules to use in counting household size.

New eligibility systems ultimately will be able to accurately determine household size for all applicants. While systems are being developed and fine-tuned, it is helpful for eligibility workers and assisters to be able to assess the household size for applicants they are assisting. The first task is to determine which rules apply to each individual in the household, as summarized in the table below and described in further detail in the following discussion.

<table>
<tr><th colspan="3">Which Rules Apply in Determining Household Size</th></tr>
<tr><th>Marketplace Subsidies</th><th colspan="2">Medicaid/CHIP</th></tr>
<tr><th>Use Tax Filer Rules for Marketplace Subsidies</th><th>Use Tax Filer Rules</th><th>Use Non-Filer Rules</th></tr>
<tr><td rowspan="3">• The individual is a tax filer who is not claimed as a tax exemption on someone else’s tax return.<br>• The individual is a tax dependent.</td><td>• The individual is a tax filer and is not claimed as a tax dependent on someone else’s tax return.<br>• The individual is a tax dependent who does not meet one of the three Medicaid exceptions.</td><td>• The individual does not file taxes and is not claimed as a tax dependent<br>• The individual is a tax dependent but meets one of the three exceptions.</td></tr>
<tr><th colspan="2">Special Adjustments<br>(Applies regardless of which rules are used)</th></tr>
<tr><td colspan="2">• Adjust household size if married and living with spouse but filing separately<br>• Adjust for the number of children a pregnant women is expected to deliver (at state option, adjustment also applies to other household members)</td></tr>
</table>

## Household Size: Tax Filers

It is not necessary to have filed taxes previously in order to receive premium tax credits but the individual must attest that they plan to file taxes for the applicable coverage year in order to receive financial assistance in a Marketplace.[5] Generally, the household for both Marketplace and Medicaid purposes consists of the tax filer(s) plus tax dependents. In some cases, an individual may be a tax filer and claimed as a tax dependent by someone else. This occurs when someone files taxes but does not claim the personal exemption, (e.g., a child files a tax return to get withholdings refunded but is claimed as a tax dependent on his parent's taxes). In these cases, the household size is based on the tax-filing household that claims the individual as a tax dependent.

## Household Size: Tax Dependents

Whenever an individual is claimed as an exemption on someone else's tax return, the tax filer rules apply in determining the Marketplace household, that is, the household of the tax dependent will include the same individuals as the household of the tax filer. The tax filer rules also apply in determining the individual's Medicaid or CHIP household unless the tax dependent meets one of the three exceptions discussed in detail in the next section.

## Household Size: Non-filers

The rules for counting household members for non-filers vary from tax filer rules. Non-filer rules count people living together who are related. There are also differences in how household size is determined for adults versus children. These distinctions, along with the exceptions for certain tax dependents, means that members of the same family may have different household sizes for the purposes of determining individual eligibility for Medicaid or CHIP.

### Tax Filer Household Counting Rules

Count all individuals clained as a tax exemption.

- Tax filer
- Tax-filer's spouse (also consider a tax-filer)
- Qualifying children
  - Children under age 19; under 24, if a full-time student; or any age if permanently and totally disabled
  - Includes step child, adopted child, foster child, brother, sister, niece, nephew, or grandchild
  - Lives with tax filer for more than half of the year
  - Does not provide more than half of own support
- Qualifying relative
  - Cannot be claimed as qualifying child, and
  - Receives more than half of support from the tax filer, and
  - Earns less than $3,950 in annual gross, taxable income.
  - Can be a non-relative who lives in the tax filer's home for the entire year (a relative can be claimed without living in the home).

### Non-Filer Household Counting Rules

Count related people living together.

- Adults age 19* or older
  - Adult
  - Spouse
  - Children under 19* years old (biological, step, or adopted)
- Children under the age of 19*
  - Child
  - Parents (biological, step, or adoptive)
  - Siblings (biological, step, or adopted)
  - Child's spouse
  - Child's children

* Or age 21 for full time students, at state option.

## Household Size: Medicaid/CHIP Exceptions and Adjustments

Things get tricky when exceptions and adjustments apply in determining Medicaid or CHIP eligibility, which do not apply to Marketplace subsidies. In the case of these exceptions, the tax dependent who meets the exception will have eligibility determined using non-filer rules. In the case of adjustments, tax filer or non-filer rules apply in the normal way. However, an adjustment is made to the household size using the applicable rules. Additionally, in all cases of exceptions and adjustments, the rule applies only to Medicaid and CHIP, and only to the individual who meets the exception, not other family members. Eligibility for Marketplace subsidies is determined using tax filer rules without regard to the exceptions or adjustments.

### Medicaid exceptions for certain tax dependents in Medicaid and CHIP

In three circumstances, an exception applies in determining the household size for Medicaid or CHIP:

> **Exception 1:** A tax dependent (either qualifying child or qualifying relative) claimed by a tax filer who is not a parent or spouse,
>
> **Exception 2**: A child who lives with one parent but is claimed by their non-custodial parent for tax purposes, and
>
> **Exception 3**: A child who lives with both parents who are unmarried or who file taxes separately.

In each of these circumstances, the Medicaid/CHIP non-filer rules apply—but only to the individual with the exception, not other household members. Since different rules are used, the individual who meets the exception will likely have a different household size from other members of the household for Medicaid/CHIP. His household size for Medicaid or CHIP will differ from his Marketplace household, as well. Even when a tax dependent meets an exception, that individual is still counted in determining the household size of the tax filer and other tax dependents. The following examples are offered to help illustrate how these exceptions work.

### Exception 1:

**A tax dependent (either qualifying child or qualifying relative) claimed by a tax filer who is not a parent or spouse.**

Non-filer rules apply in determining the household size for these individuals. Tax dependents, regardless of age, claimed by a parent or spouse, do ***not*** meet this exception. This has caused confusion because Medicaid/CHIP previously considered anyone above age 19 to be in their own household. Under MAGI rules, a child claimed as a tax dependent, regardless of age, is part of the parent's household for both Marketplace subsidies and Medicaid/CHIP.

**Exception 1: Example A**

*Bonnie lives with her grandmother, Eva, who claims Bonnie as a tax dependent (qualifying child). Since someone other than a parent or spouse claims Bonnie, she meets an exception and her eligibility for Medicaid or CHIP will be based on non-filer rules. Bonnie has no spouse or children and doesn't live with her parents or siblings, so she is considered a household of 1, which includes only herself. The exception only applies to Medicaid and CHIP; Bonnie's eligibility for Marketplace subsidies would be based on Eva's household using tax filer rules.*

*The exception does not apply to Eva, so her eligibility follows the tax filer rules for both Medicaid and the Marketplace. Eva claims an exemption for herself and Bonnie resulting in a household size of 2: Eva and Bonnie.*

| | Tax Filer or Tax Dependent | Program | Exception Applies; Use Non-filer Rules | Count Bonnie? | Count Eva? | Household Size |
|---|---|---|---|---|---|---|
| Bonnie | Tax Dependent | Medicaid | Y - claimed by non-parent/spouse | Y | N | 1 |
| | | Marketplace | N/A | Y | Y | 2 |
| Eva | Tax Filer | Medicaid | N | Y | Y | 2 |
| | | Marketplace | N/A | Y | Y | 2 |

**Exception 1: Example B**

*Bonnie and her 25-year old mother, April, live with Eva (April's mother and Bonnie's grandmother), who claims both of them on her tax return. Bonnie meets this exception because someone other than a parent or spouse claims her as a tax dependent. Using non-filer rules, Bonnie's household includes herself and her mother, who lives with her. For Medicaid and CHIP, she will be considered a household of 2: April and Bonnie. For the Marketplace, Bonnie would be part of Eva's tax household.*

*Neither April nor Eva meet an exception, so eligibility for Medicaid or CHIP follows tax filer rules. They are considered a household of 3: Eva, April and Bonnie, which is the same for Medicaid/CHIP and the Marketplace. It is important to note that although April is an adult, she is claimed as a tax dependent by her parent and is included in her parent's household. Under pre-MAGI Medicaid rules, she would have been considered in a separate household as an adult.*

| | Tax Filer or Tax Dependent? | Program | Exception Applies; Use Non-filer Rules | Count Bonnie? | Count April? | Count Eva? | Household Size |
|---|---|---|---|---|---|---|---|
| Bonnie | Tax Dependent | Medicaid | Y - claimed by non-parent/spouse | Y | Y | N | 2 |
| | | Marketplace | N/A | Y | Y | Y | 3 |
| April | Tax Dependent | Medicaid | N | Y | Y | Y | 3 |
| | | Marketplace | N/A | Y | Y | Y | 3 |
| Eva | Tax Filer | Medicaid | N | Y | Y | Y | 3 |
| | | Marketplace | N/A | Y | Y | Y | 3 |

## Exception 2:

**A child who lives with one parent but is claimed by their non-custodial parent for tax purposes.**

Non-filer rules apply to eligibility for children in Medicaid or CHIP when the non-custodial parent claims the child on his/her tax return. If the child is not eligible for Medicaid or CHIP, tax filer rules apply in determining Marketplace eligibility.

**Exception 2: Example A**

*Jake's mother, Judith, and father, Alan, are divorced. Jake lives with Alan but is claimed as a tax dependent by Judith. Alan files taxes separately, claiming only himself as a tax exemption. Jake meets this exception because his non-custodial parent, Judith, claims him as a tax exemption. Using non-filer rules, Jake's household consists of Alan and Jake in determining eligibility for Medicaid or CHIP. If ineligible for Medicaid or CHIP, his eligibility for Marketplace financial assistance would follow tax filer rules and Jake's household would consist of himself and Judith. For Judith and Alan, tax filer rules apply. Judith is a household of 2: Jake and Judith. Alan is a household of 1.*

| | Tax Filer or Tax Dependent? | Program | Exception Applies; Use Non-filer Rules | Count Jake? | Count Alan? | Count Judith? | Household Size |
|---|---|---|---|---|---|---|---|
| Jake | Tax Dependent | Medicaid | Claimed by non-custodial parent | Y | Y | N | 2 |
| | | Marketplace | N/A | Y | N | Y | 2 |
| Alan | Tax Filer | Medicaid | N | N | Y | N | 1 |
| | | Marketplace | N/A | N | Y | N | 1 |
| Judith | Tax Filer | Medicaid | N | Y | N | Y | 2 |
| | | Marketplace | N/A | Y | N | Y | 2 |

**Exception 2: Example B**

*Same scenario as above, except Alan does not file taxes. This impacts only Alan's eligibility and non-filer rules apply. In this scenario, Alan is a household of 2: Jake and Alan. .*

| | Tax Filer or Tax Dependent? | Program | Exception Applies; Use Non-filer Rules | Count Jake? | Count Alan? | Count Judith? | Household Size |
|---|---|---|---|---|---|---|---|
| Jake | Tax Dependent | Medicaid | Claimed by non-custodial parent | Y | Y | N | 2 |
| | | Marketplace | N/A | Y | N | Y | 2 |
| Alan | Tax Filer | Medicaid | Y | Y | Y | N | 2 |
| | | Marketplace | Not Eligible | – | – | – | – |
| Judith | Tax Filer | Medicaid | N | Y | N | Y | 2 |
| | | Marketplace | N/A | Y | N | Y | 2 |

### Exception 3:

**A child who lives with both parents who are unmarried or who file taxes separately.**

If a child lives with both parents who are not married (biological or adopted) or who file separate tax returns (also includes step-parents), non-filer rules apply for Medicaid and CHIP. Both parents are included in the child's household along with the related members of the family. For children and teens, this would include not only their parents and siblings, but also their spouse and any children of their own.

**Exception 3: Example**

*Rachel and Ross are not married but live together with their daughter, Emma. Ross files taxes and claims Emma as a tax exemption. Rachel files taxes separately. Emma meets an exception because she lives with both parents, so non-filer rules apply to Emma's eligibility for Medicaid and CHIP. Both parents are counted and her household size is 3: Ross, Rachel and Emma.*

*If ineligible for Medicaid or CHIP, her eligibility for Marketplace financial assistance would follow tax filer rules and her household size would be 2: Ross and Emma. For Ross and Rachel, tax filer rules apply. Ross is a household of 2: Ross and Emma. Rachel is a household of 1 based on tax filer rules.*

| | Tax Filer or Tax Dependent? | Program | Exception Applies; Use Non-filer Rules | Count Emma? | Count Ross? | Count Rachel? | Household Size |
|---|---|---|---|---|---|---|---|
| Emma | Tax Dependent | Medicaid | Y - lives with both parents | Y | Y | Y | 3 |
| | | Marketplace | N/A | Y | Y | N | 2 |
| Ross | Tax Filer | Medicaid | N | Y | Y | N | 2 |
| | | Marketplace | N/A | N | Y | N | 2 |
| Rachel | Tax Filer | Medicaid | N | N | N | Y | 1 |
| | | Marketplace | N/A | N | N | Y | 1 |

## Medicaid/CHIP adjustments for married couples filing separately and for pregnant women

Unlike the exceptions above, rather than use the non-filer rules, an adjustment is made to household size in determining eligibility for Medicaid and CHIP after applying the applicable tax filer or non-filer rules. These adjustments apply only to Medicaid and CHIP and not to determinations for Marketplace subsidies.

### Adjustment 1:

**Married couple living together but filing taxes separately.**

If a couple is married and living together, they are counted in each other's Medicaid MAGI household even if they file taxes separately. Tax filer rules still apply but the spouse filing separately is added to the household size of the other tax filer for Medicaid and CHIP eligibility.

**Adjustment 1: Example**

*Peter and Mary are married and live together with their son, Paul. Peter and Mary file taxes separately, and Peter claims Paul as a tax dependent. While tax filer rules apply to both Peter and Mary, in determining Medicaid eligibility, they are counted in each other's household. Peter's household size is 3: Peter, Paul, and Mary. Mary's household size is 2: Mary and Peter. No one is eligible for Marketplace subsidies because Peter and Mary would have to file jointly to qualify. Notice that Paul meets an exception because he lives with both parents. For his Medicaid or CHIP eligibility, non-filer rules apply and he would be a household of 3: Peter, Paul, and Mary.*

| | Tax Filer or Tax Dependent? | Program | Exception Applies; Use Non-filer Rules | Count Peter? | Count Paul? | Count Mary? | Household Size |
|---|---|---|---|---|---|---|---|
| Peter | Tax Filer | Medicaid | Y - Adjust for spouse | Y | Y | Y | 3 |
| Paul | Tax Dependent | Medicaid | Y - Lives with both parents | Y | Y | Y | 3 |
| Mary | Tax Filer | Medicaid | Y - Adjust for spouse | Y | N | Y | 2 |

## Adjustment 2:

**Pregnant woman's household size includes the number of children she is expected to deliver.**

For Medicaid or CHIP, the number of children a pregnant woman is expected to deliver is added to her household size, although states may require documentation for multiple children. However, for other household members, states can opt to count the pregnant woman as one person, two people, or one person plus the number of children she is expected to deliver.[6]

**Adjustment 2: Example**

*This scenario is similar to Exception 3: Example A on page 8, but in this case Rachel is pregnant. To recap, Ross and Rachel are not married but live together with their daughter, Emma, who is claimed as a tax dependent by Ross. Rachel files taxes separately. In this scenario, for Medicaid and CHIP, Rachel's household of 1 as a tax filer claiming only herself is increased to 2 to include the child she is expected to deliver.*

*Emma meets the Exception 3 definition (she lives with both parents) and her eligibility for Medicaid or CHIP is based on non-filer rules. In the Exception 3 example on page 8, she would be a household of 3 but she lives in a state that counts the expected child toward the household size of other family members. Therefore, for Medicaid or CHIP, Emma's household size would be 4: Rachel, Ross, Emma, and the expected child. On the other hand, if Emma is ineligible for Medicaid or CHIP, neither the exception nor adjustment applies for Marketplace eligibility; Emma would be a household of 2: Ross and Emma. Rachel's pregnancy does not impact Ross' household size because they are not married.*

| | Tax Filer or Tax Dependent? | Program | Exception or Adjustment Applies | Count Emma? | Count Ross? | Count Rachel? | Count Expected Child? | Household Size |
|---|---|---|---|---|---|---|---|---|
| Emma | Tax Dependent | Medicaid | Y - Lives with both parents; adjust for pregnant woman | Y | Y | Y | Y | 4 |
| | | Marketplace | N/A | Y | Y | N | N | 2 |
| Ross | Tax Filer | Medicaid | N | Y | Y | N | N | 2 |
| | | Marketplace | N/A | N | Y | N | N | 2 |
| Rachel | Tax Filer | Medicaid | Y - Adjust for pregnant woman | N | N | Y | Y | 2 |
| | | Marketplace | N/A | N | N | Y | N | 1 |

## HOUSEHOLD INCOME

Once household size is determined, the next step is to determine the countable MAGI-income of each household member. Total household income is the countable MAGI-based income of each member in the household.

| 2015 Tax Filing Thresholds | |
|---|---|
| Qualifying Child | $ 6,300 |
| Qualifying Relative | $ 3,950 |

### Whose income counts toward household MAGI?

While all MAGI-based income of tax filers is counted, income for tax dependents is counted only if they are required to file taxes. Even if a tax dependent—whether a qualifying child or qualifying relative—files a tax return, his income only counts if it meets the applicable tax file threshold. In 2015, the tax-filing threshold for qualifying children is $6,300 in earned income or $1,000 in unearned income, and $3,950 for qualifying relatives. There is one key exception to this rule. When the tax dependent is claimed by someone who is not his parent or spouse—and non-filer rules are applied in determining the household size—all of the tax dependent's income counts toward his eligibility for Medicaid or CHIP.

### Calculating MAGI income from a tax return.

For tax filers, the rules are fairly straight forward, as illustrated on the annotated tax return in Appendix A. Non-taxable Social Security benefits, tax-exempt interest, and excluded foreign income are added to the adjusted gross income (AGI) to arrive at the final MAGI-based income. While non-taxable interest and excluded foreign income are not prevalent among the low-income population, Social Security benefits are more common.

**Calculating MAGI-based Income from a Federal Tax Return**

| | Item | IRS Form 1040 | IRS Form 1040A |
|---|---|---|---|
| | Adjusted Gross Income | Line 37 | Line 21 |
| + | Non-taxable Social Security benefits | Line 20a – Line 20b | Line 14a – Line 14b |
| + | Non-taxable Interest | Line 8a – Line 8b | Line 8a – Line 8b |
| + | Excluded Foreign Income | Lines 45 and 50 on IRS Form 2555 | N/A (must file 1040) |
| = | **MAGI-based Income for Marketplace Eligibility** (additional adjustments may apply to Medicaid and CHIP) | | |

## Determining MAGI-based income for non-filers.

Generally, income for non-filers applying for Medicaid or CHIP follow the same rules used to calculate income for tax filers, but there are a few differences.The table to the right lists the more common sources of income and deductions used to estimate adjusted gross income, but page 1 of the IRS 1040 tax form provides a more complete list (see Appendix A). Non-Taxable Social Security benefits, tax exempt interest, and excluded foreign income are always added to taxable gross income to arrive at the final MAGI-based income.

### Common Sources of Income and Deductions Included in AGI

**Income Sources**

- Gross taxable wages, salaries, and tips (do not include pre-tax contributions to retirement or flexible spending accounts for childcare, medical expenses, commuter costs, etc.)
- Taxable interest
- Net income (profit or loss) from self-employment, farming, or rental property
- Unemployment compensation
- Taxable amounts of retirement income
- Alimony received
- Taxable state or local income tax refunds

**Deductions from Income**

- Student loan interest
- Contributions to traditional IRA
- Moving expenses
- Educator expenses

## Income Counting Differences Between Medicaid/CHIP and Marketplace Financial Assistance

Two types of income are always excluded from MAGI for Medicaid and CHIP:

1. Scholarships, awards, or fellowship grants used for education purposes and not for living expenses, and
2. Certain distributions and payments to American Indians or Native Alaskans.

Lump sum payments, such as lottery winnings, are counted only in the month received. Additionally, states have the option to count cash support as income for tax dependents who are claimed as a tax exemption by someone other than a parent or spouse.

**Lump Sum Payment Example**

*John earns $2,000 each month from employment. In June, he won $1,000 from a lottery scratch ticket. If John applies for health coverage in June, he should report his current monthly income as $3,000, which includes his wages and the lottery payout. If he applies in July, he would only report his employment of $2,000 because lump sum payments only count in the month received. His projected annual income for Marketplace subsidies would be $25,000 ($2,000 x 12 + $1,000 = $25,000), regardless of when he applies.*

## ACA Changes in Medicaid/CHIP

While providing consistency between coverage programs, the move to MAGI has resulted in significant changes in how eligibility is determined for Medicaid and CHIP as of January 1, 2014. One key change is the elimination of asset or resource tests. While only four states applied asset tests in determining children's eligibility as of January 2013, nearly half of the states (24) retained asset tests for parents.[7] Additionally, states no longer have the option to apply income disregards or deductions in determining Medicaid and CHIP eligibility (e.g., states commonly allowed families to deduct at least a portion of child care expenses). These have been replaced with a deduction, known as an income disregard, equal to five percent of the federal poverty line, effectively raising the upper income limit to qualify for Medicaid or CHIP. For example, eligibility for the new adult expansion group in Medicaid increases from 133 percent to 138 percent of the federal poverty level (FPL) with the standard disregard. Another key change is that certain types of income, such as Temporary Aid to Needy Families (TANF), Supplemental Security Income (SSI), and child support, are not taxable income sources and are no longer counted. And for business or farm owners, all tax-deductible expenses are allowable, whereas states often excluded at least a portion of some expenses, such as depreciation or capital losses.

**Pre- and Post-MAGI Differences in Counting Income for Medicaid**

| Income Source | Non-MAGI Medicaid | MAGI Medicaid |
|---|---|---|
| Self-employment or farm income | Not all business expenses (i.e., depreciation) were deductible | Net Income (Profit/Loss)<br>Counted with all tax deductible expenses (line 31 of schedule C or line 34 from schedule F) |
| Pre-tax deductions or salary deferrals (contributions to non-taxable retirement plans or flexible spending accounts for medical, childcare, or commuter expenses) | Included in gross income | Subtracted from gross income |
| Child support received | Counted | Not counted as income |
| Alimony paid | Not deducted from income | Deducted from income |
| Veterans' benefits | Counted | Not counted |
| Workers' compensation | Counted | Not counted |
| Step-parent income | State option but not always counted toward stepchild's eligibility | Counted |
| Gifts and inheritances | Counted as lump sum payment in month received | Not counted |
| TANF and SSI payments | Counted | Not counted |

## Confusing Aspects to MAGI Related to Income

In addition to the exceptions and adjustments to household counting rules in Medicaid and CHIP, some common issues in what counts as MAGI income have emerged across states. Together, these differences have complicated the first year of ACA implementation.

### Current monthly versus projected annual income

Unlike Marketplace subsidies, which are based on projected annual income for the applicable coverage year, Medicaid and CHIP eligibility are based on current monthly income for new applicants. About two-thirds of the states have adopted the option to count predictable changes in income that can be verified (e.g., a signed contract or clear history of fluctuations in income) in determining current monthly income.[8] For Marketplace coverage, individuals must project their MAGI-based income for the calendar year in which coverage is sought. For example, for someone applying in December 2014 for 2015 coverage, the most recent tax return is for 2013. In projecting income, the consumer will need to incorporate any known changes in their household MAGI-based income for the upcoming year.

### Social Security income

The rules for counting Social Security income are different for tax filers and tax dependents. All Social Security income of tax filers (who are not also tax dependents) is counted, regardless of whether it is taxable or not. On the other hand, Social Security income is only counted for tax dependents if they are required to file taxes. These differences are discussed below. However, another type of income—Supplemental Security Income (SSI)—is often confused with Social Security income but SSI is never counted toward a household's MAGI for any coverage option.

- **Supplemental Security Income (SSI) versus Social Security Disability Income (SSDI)**. SSI is not a Social Security benefit; it is a supplemental income program designed to help the elderly, the blind, or people with disabilities who have little or no income. Like TANF payments, SSI is excluded from MAGI-based income. On the other hand, SSDI is paid from the Social Security Trust Fund to totally disabled individuals who have worked long enough and paid Social Security taxes. Dependent children may also receive SSDI if a parent receives it. Like other sources of Social Security income, SSDI is included in MAGI-based income, although most children's Social Security income will not count unless the child has other earnings.
- **Counting Social Security income of tax filers**. Social Security income includes retirement, survivor benefits, and disability payments. Under MAGI, all Social Security income, whether taxable or not, received by a tax filer counts toward household income for eligibility purposes for both Medicaid and Marketplace financial assistance. By including non-taxable Social Security income in calculating MAGI income, some individuals who are not required to file taxes may be denied Medicaid for too much income. In order to qualify for Marketplace financial assistance in these circumstances, the individuals must attest that they will file taxes for the applicable coverage year. It does not matter that they have not previously filed.

- **Counting Social Security income of tax dependents.** For dependents, Social Security income received only counts toward the total household income if the dependent is required to file federal income taxes. For example, a child's survivor benefits or SSDI, even if the check is made out to the parent or guardian, only count if the child is required to file taxes.

  This rule is confusing because Social Security income is considered "unearned income," but in most cases, it is not counted when determining if a dependent is required to file taxes. Under IRS rules, only taxable Social Security is used to determine if an individual meets the tax-filing threshold. A single individual has taxable Social Security income only if half of the Social Security income plus other income exceeds $25,000. Therefore, if a tax dependent's only income is Social Security benefits, it is unlikely that the individual would be required to file a federal income tax return, and the Social Security benefits will not be included in the total household income. However, if the dependent is required to file income taxes (for example, due to earnings from a summer job), then all of the dependent's income, including the non-taxable Social Security benefits, will be included in the total household income.

  Keep in mind, also, as noted above, that eligibility for individuals who are claimed as a tax dependent by someone other than a parent or a spouse is based on non-filer tax rules (See Medicaid/CHIP Exceptions #1 on page 6). In these circumstances, all of the individual's income, including Social Security benefits, counts toward eligibility regardless of whether they meet the tax-filing threshold.

**Social Security Income: Example A**

*Ben lives with his mother, Catherine, who files taxes and claims Ben as a tax dependent. Ben's father, Catherine's husband, is deceased. Catherine works and earns $24,000 per year. She receives $8,000 in Social Security survivor benefits, which will be counted along with her earnings toward the household income. Ben also receives $8,000 in Social Security survivor benefits, which is his only source of income. Since Ben has no other income, he is not required to file taxes. His Social Security income will not count toward the household income. Ben and Catherine's eligibility for all programs will be based on Catherine's income and Social Security benefits totaling $32,000.*

| | Program | Count Ben's Income? | Count Catherine's Income? | Household Income |
|---|---|---|---|---|
| Ben | Medicaid | N – does not meet tax-filing threshold | Y | $32,000 |
| | Marketplace | N – does not meet tax-filing threshold | Y | $32,000 |
| Catherine | Medicaid | N – does not meet tax-filing threshold | Y | $32,000 |
| | Marketplace | N – does not meet tax-filing threshold | Y | $32,000 |

**Social Security Income: Example B**

*Bonnie lives with her grandmother, Eva, who claims Bonnie as a tax dependent. Eva earns $6,000 a year working part-time and receives $19,000 in Social Security retirement income. Bonnie receives $12,000 in Social Security survivor benefits but has no other income. She is claimed as a tax dependent of someone other than a parent and spouse and is considered a household of 1 for Medicaid. If Bonnie did not meet an exception, and did not meet the tax-filing threshold, her Social Security income would not be counted toward the household total MAGI. However, because Bonnie meets Exception #1, all of her income is counted toward her eligibility only. As a household of 1, Eva's income does not count toward Bonnie's Medicaid/CHIP eligibility.*

*Eva does not meet an exception, so tax filer rules apply toward Eva's eligibility for either Medicaid or the Marketplace. In this scenario, Bonnie's income would not count because Bonnie does not meet the tax-filing threshold. If Bonnie were not eligible for Medicaid/CHIP, the same rules would apply to her Marketplace eligibility. The result would be a household of 2 and only Eva's income of $25,000 counts.*

| | Program | Count Bonnie's Income? | Count Eva's Income? | Household Income |
|---|---|---|---|---|
| Bonnie | Medicaid | Y – exception requires that her income count | N - not included in Bonnie's household | $12,000 |
| | Marketplace | N – does not meet tax-filing threshold | Y | $26,000 |
| Eva | Medicaid | N – does not meet tax-filing threshold | Y | $26,000 |
| | Marketplace | N – does not meet tax-filing threshold | Y | $26,000 |

**Social Security Income: Example C**

*Same scenario as previous example but Bonnie has a part-time job, earning $8,000. Because she meets the tax-filing threshold, both her earnings and Social Security income ($20,000) are counted. She still meets an exception, so Eva is not considered part of her household for Medicaid/CHIP eligibility. However, for Bonnie's Marketplace eligibility, as well as Eva's eligibility for any program, Bonnie's income and Social Security benefits ($20,000) are added to Eva's income and Social Security benefits ($25,000) in determining the household income.*

| | Program | Count Bonnie's Income? | Count Bonnie's Social Security? | Count Eva's Income | Household Income |
|---|---|---|---|---|---|
| Bonnie | Medicaid | Y | Y | N – not included in Bonnie's household | $20,000 |
| | Marketplace | Y | Y | Y | $45,000 |
| Eva | Medicaid | Y | Y | Y | $45,000 |
| | Marketplace | Y | Y | Y | $45,000 |

## Child support and alimony

A fundamental change in counting income for Medicaid and CHIP is that states no longer have the option to count child support received as income or allow a deduction for child support paid out. In all cases, child support does not count—either as income for the person who receives it or as a deduction for the person who pays it. On the other hand, alimony paid is deducted from income and alimony received counts as income.

**Alimony Example**

*Jake's mother, Judith, and father, Alan, are divorced. Jake lives with Alan but is claimed as a tax dependent by Judith. Alan files taxes separately, claiming only himself as a tax exemption. Alan earns $30,000 per year and pays Judith $6,000 in alimony. Judith earns $34,000 per year. Alimony counts as income for the person who receives it and is tax-deductible for the person who pays it. For MAGI purposes, Alan's income is $24,000 ($30,000 - $6,000) and Judith's income is $40,000 ($34,000 + $6,000).*

## Pre-tax contributions

Employers may offer a number of benefit options that are paid through pre-tax contributions, including certain retirement plans and flexible spending accounts for childcare, medical expenses, and commuter expenses. These contributions are deducted from gross income to determine gross taxable income, and therefore, lower the income amount that counts under MAGI rules. However, when consumers are asked about their earnings, they may report their gross wages before these deductions are taken. W-2 forms exclude these pre-tax deductions in the wage box and most paystubs distinguish either gross earnings from taxable gross earnings, or pre-tax deductions from after tax deductions. Since these deductions reduce taxable (and MAGI) income, individuals with gross income just over the Medicaid or CHIP cutoff may qualify when pre-tax contributions are excluded. In the Marketplace, lower earnings may qualify an individual for more premium tax credits and/or a lower level of cost-sharing in purchasing a Marketplace plan.

**Pre-Tax Example**

*Mary is a single mother who files taxes and claims her daughter, Jane as a tax dependent. Mary earns $3,500 per month. She contributes $400 per month to a dependent care account to help pay for Jane's childcare and invests $100 per month in her retirement account. For both Medicaid and Marketplace eligibility, the pre-tax contributions total $500 per month and are not included in her gross taxable income. For Medicaid, her eligibility is based on $3,000 per month ($3,500 - $400 - $100 = $3,000). Her projected annual income for Marketplace eligibility is $36,000 ($3,000 x 12).*

### Medicaid and CHIP eligibility levels differ among specific groups of individuals and differ from state to state.[9]

Although not the result of the conversion to MAGI, the lack of uniform eligibility levels for Medicaid and CHIP can be confusing. Most of the 28 states that have expanded Medicaid to low-income adults cover both parents and adults without dependent children at 138 percent FPL. In contrast, in the 23 states that have yet to expand Medicaid, the median eligibility level for parents is 45 percent FPL. Many of these states base eligibility on dollar thresholds that are not routinely updated; as such eligibility levels will erode over time relative to the federal poverty level. Adults without dependent children, with one exception, are not eligible for Medicaid in non-expansion states. In all states, eligibility for Medicaid or CHIP is significantly higher for pregnant women (median 205 percent FPL) and children (median 255 percent FPL). For children, there is considerable variation from state to state, ranging from 175 to 405 percent FPL, as well as differences within a state based on the age of the child. These higher eligibility levels for children and pregnant women often mean they are eligible for Medicaid or CHIP, while other family members are not.

## CONCLUSION

Premium tax credits, which are the basis for providing financial assistance for income-eligible individuals to purchase Marketplace coverage, are grounded in federal income tax policy. Aligning household and income counting rules makes sense in order to streamline and coordinate eligibility across the affordable insurance programs, but the exceptions or differences in Medicaid and CHIP add complexity to the rules. Additionally, with eligibility for Marketplace subsidies based on the applicant's income projection, there is the potential that individuals may overstate income and not be enrolled in Medicaid. Most states accept what an individual reports for monthly income when it is above the Medicaid cutoff, even if the verification sources indicate that the income qualifies for Medicaid.[10] This may occur because an individual does not know to report gross taxable income after deducting pre-tax contributions. This is just one example of why getting MAGI right is important to assure that consumers receive the right amount of financial assistance.

As we approach the tax-filing season when actual taxable income is determined and premium tax credits are reconciled for the first time, it will be important to analyze the differences in eligibility by comparing advanced premium tax credits to final tax credits. Determining the extent to which such differences are more than nominal will inform future efforts to create consumer tools and train eligibility workers and consumer assisters to guide consumers in reporting their current monthly income or projecting their annual income. While individuals who overstated their income will receive an additional credit on their tax return (and potentially a tax refund), some may have missed out on lower cost-sharing requirements or enrolling in Medicaid, which provides greater cost-sharing protections for these very low-income individuals and families.

*Getting MAGI right is important to assure that consumers receive the right amount of nancial assistance.*

Consumer assisters and enrollment experts continue to report inconsistencies in how states or individual eligibility workers are applying the new MAGI standards. As with any transformation, it takes time for new policies and procedures to be refined and perfected. Making sure the rules are being applied appropriately can make a significant difference in the benefits consumers receive, as well as the cost-sharing they are required to pay. Thus, further clarification of policy through guidance and FAQ's, along with additional training and consumer tools, would go far in assuring consistency and accuracy in operationalizing the new MAGI standards. Importantly, over the next three years, the eligibility quality audits conducted by the Centers for Medicaid and Medicare Services (CMS) will focus on assuring that the right logic for automating the determination process is built into these new state-level systems.[11] These audits should focus on the more confusing or commonly misapplied aspects of MAGI.

Ultimately health insurance brings peace of mind, better access to health care, and, importantly, greater financial security. Lower income families have a tough time making ends meet; making sure they receive the maximum amount of financial assistance is an important goal of health reform. To this end, getting MAGI right can make a significant difference.

## RESOURCES

The Health Assister's Guide to the Tax Rules
The Center on Budget and Policy Priorities; Authors January Angeles and Tara Straw

Health Reform Beyond the Basics
The Center on Budget and Policy Priorities; Website includes a number of resources and trainings.

The Advocate's Guide to MAGI
The National Health Law Program; Authors Bryon Gross, Wayne Turner, and David Machledt

Marketplace MAGI Webinar Part I Household Composition and Part II Income
The National Health Law Program; Presenter Wayne Turner

Modified Adjusted Gross Income under the Affordable Care Act
UC Berkeley Labor Center

How to Report Your Income When You Apply for Financial Help from Your Health Insurance Marketplace for 2015
Consumers Union; Author Julie Silas

ConsumerReports.org: What counts as income in the Health Insurance Marketplaces?

HealthCare.gov: Reporting Income and Household Size

Explaining Health Reform: The New Rules for Determining Income Under Medicaid in 2014
The Kaiser Commission on Medicaid and the Uninsured

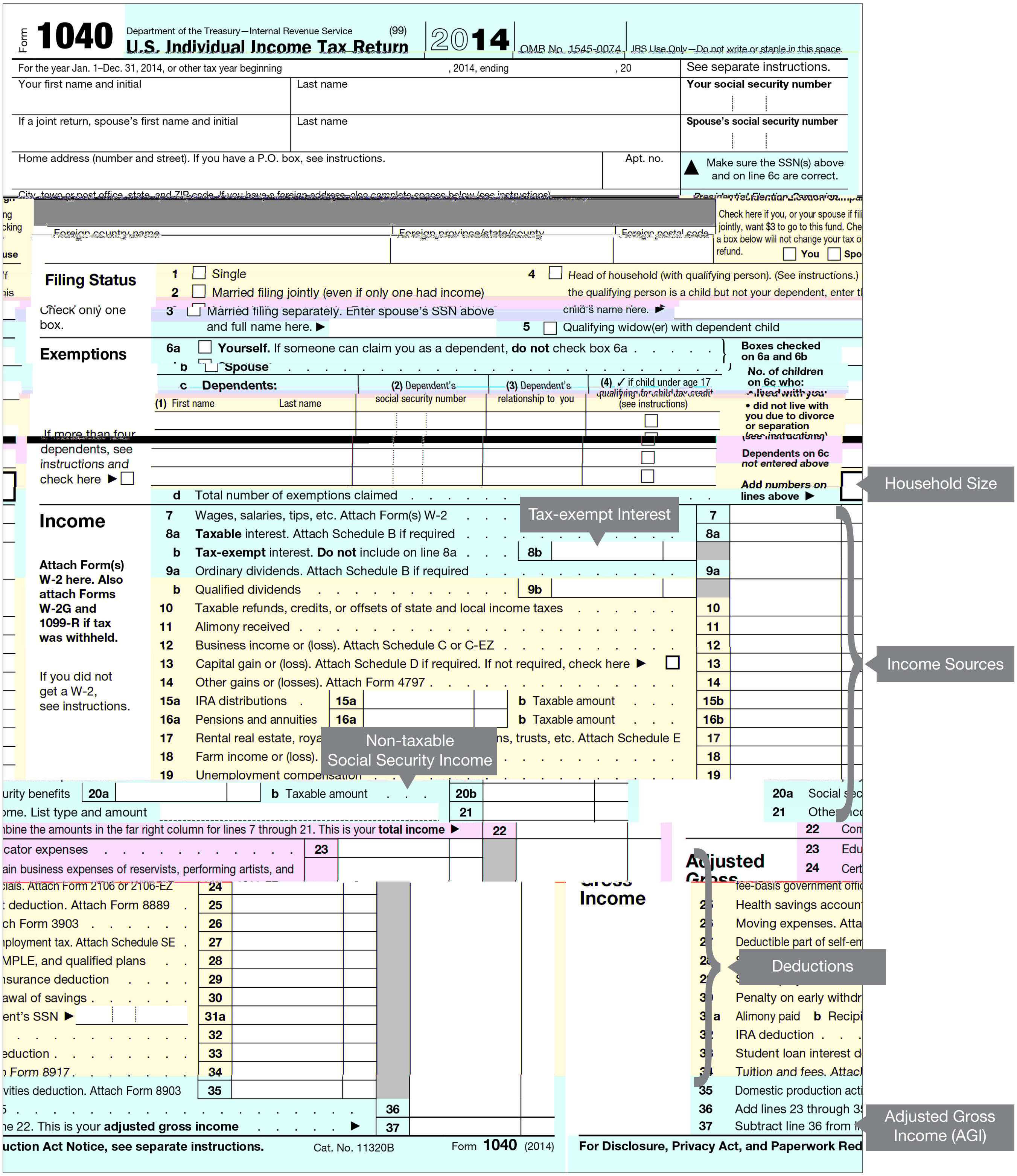
Household Composition and Income Eligibility Rules for Medicaid/CHIP Eligibility Workers
The Centers on Medicaid and Medicare; Medicaid and CHIP Learning Collaborative

# Appendix A

## Determining MAGI-based Household Size and Income from a Tax Return

The most recent tax return for tax filers with relatively stable family circumstances provides a snapshot of the family's MAGI-based household size and income as shown on the annotated tax return.

# Determining MAGI-based Household Size and Income from a Tax Return




|  |  |
|---|---|
|  | AGI (line 37) |
| + | Tax-exempt interest (line 8b) |
| + | Non-taxable Social Security Income (line 20a) |
| + | Excluded foreign income |
| = | Modified Adjusted Gross Income |

Note: In projecting annual income, adjust amounts appropriately to reflect changes expected for the coverage year.

# Appendix B

## Assister Worksheet for Determining MAGI-Household Size in Medicaid and CHIP.

The Assister's Worksheet is intended to be a tool for assisters to use in applying exceptions and adjustments to household size in determining eligibility for Medicaid and CHIP. Follow these instructions and example to see how the form works.

Step 1: The assister lists all household members under Step 1, whether they are applying for coverage or not. This should include all related individuals who live together and all tax dependents claimed as a tax exemption on a tax filer's most recent tax return.

Step 2: Using the rules guide at the bottom of the worksheet, the assister finds the description that matches each individual applying for coverage to identify which household counting rules apply to that individual. Keep in mind that different members of the same household may use different rules. In the column under Step 2, enter TF if tax-filer rules apply or NF if non-filer rules apply. Enter N/A for anyone in the household who is not applying for coverage. Complete Steps 3 – 5 for each person applying for coverage.

Step 3: Under this Step, the assister determines which household members count for each individual applying for coverage. Persons 1 – 8 across the row/line under Step 3 match persons 1 - 8 listed in the column under Step 1. If person 1 is Bonnie under Step 1, then person 1 under Step 3 is also Bonnie, and so on. Using the applicable rules, enter a 1 for each individual across the row under Step 3 that counts in the household of the person listed under Step 1.

Step 4: For each pregnant woman, add the number of children she is expected to deliver. Determine if your state applies this adjustment to other family members. States have the option to count a pregnant woman as 1, 2, or 1 plus the number of children the pregnant woman is expected toward the household of other family members.

Step 5: Add the numbers across the row to arrive at the MAGI-based household for reach individual.

**Example**

*Bonnie and her 25-year old mother, April, live with Eva (April's mother and Bonnie's grandmother), who claims both of them on her tax return.*

- *Bonnie is tax dependent who is an exception to the rules because she claimed by someone who is not a parent or spouse. Non-filer rules are used to determine her household size. As a child under non-filer rules, her household would include her parent(s) and sibling(s), as well as her own spouse and child(ren) if applicable. In this example, Bonnie is a household of 2: April and Bonnie*
- *April is a tax dependent who is claimed by her parent. Even through she is an adult, and would have been considered her own household under pre-MAGI Medicaid rules, she is considered part of Eva's household under MAGI. This applies to both Medicaid and Marketplace eligibility. Using tax filer rules, everyone who is claimed as an exemption on Eva's tax return is considered part of the household. Therefore April has a household of 3: Eva, April, and Bonnie*
- *Eva is a tax filer. She claims both April and Bonnie as tax dependents. She is a household of 3: Eva, April, and Bonnie.*

*An abbreviated version of the worksheet for this example would look like:*

| Step 1 | Step 2 Which rules? TF or NF | Step 3 Enter a "1" for each person who counts in the household of the individual listed under Step 1 | | | Step 4 Pregnant woman adjustment | Step 5 Total household size |
|---|---|---|---|---|---|---|
| | | Person 1 Bonnie | Person 2 April | Person 3 Eva | | |
| Person 1 Bonnie | NF | 1 | 1 | | | 2 |
| Person 2 April | TF | 1 | 1 | 1 | | 3 |
| Person 3 Eva | TF | 1 | 1 | 1 | | 3 |

# Assister Worksheet for Determining MAGI-Household Size in Medicaid and CHIP

**Complete the worksheet following Steps 1 – 5 to determine the household size for each person applying for coverage.**

Note: exceptions and adjustments apply to Medicaid/CHIP only. Marketplace household size is based on tax filer rules with no exceptions or adjustments.

| Step 1 | Step 2 | Step 3 | | | | | | | | Step 4 | Step 5 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| List all household members whether applying for coverage or not. | Use the guide below to determine which rules apply. Different rules may apply to different people in the household. | Completethe line/row for each person applying for coverage. Enter a "1"for each individual who counts in the person's household.<br>• If tax filer rules apply, count everyone who is claimed as a tax exemption on the tax return. This includes the tax filer(s) and tax dependents.<br>• For married persons filing separately, always count the spouse. This adjustment only applies to the spouses, not other household members.<br>• If non-filer rules apply, count related persons living together based on the non-filer rules below. Note differences in who counts for adults versus children. | | | | | | | | For pregnant women (and other family members if applicable in your state). | Add people who count. |
| Include related individuals who live together and all tax dependents on a tax filer's tax return (even if not living together). | Enter TF or NF.<br>If not applying, enter N/A. | Count Person 1? | Count Person 2? | Count Person 3? | Count Person 4? | Count Person 5? | Count Person 6? | Count Person 7? | Count Person 8? | Count # of children expected | Total = Household Size |
| Person 1 | | | | | | | | | | | |
| Person 2 | | | | | | | | | | | |
| Person 3 | | | | | | | | | | | |
| Person 4 | | | | | | | | | | | |
| Person 5 | | | | | | | | | | | |
| Person 6 | | | | | | | | | | | |
| Person 7 | | | | | | | | | | | |
| Person 8 | | | | | | | | | | | |

## Rules Guide

| Find the description that matches each person applying to determine which rules to use. Different people in same household may use different rules. | Which rules apply? | Who counts in this person's household? |
|---|---|---|
| • Individual is a tax filer and not claimed as a tax dependent on someone else's taxes.<br>• Individual is a tax dependent who does not meet an exception below. | Use Tax Filer (TF) Rules ⇨ | **Count everyone claimed as an exemption on the tax filer's tax return.** If a tax dependent also files taxes, use the household of the tax filer who claims the individual. |
| • Individual does not file taxes and is not claimed as a tax dependent.<br>• Individual is a tax dependent who meets one of these **exceptions**:<br>1. Tax dependent is claimed by someone who is not their parent or spouse (i.e., child claimed by grandparent; mother claimed by son).<br>2. Child lives with parent who does not claim child as a tax dependent (non-custodial parent claims the child).<br>3. Child lives with both parents, either unmarried or filing separately. | Use Non-Filer (NF) Rules ⇨ | **Count related people <u>living together</u>.**<br>• **Adults** - Count the adult, their spouse, and children.<br>• **Children** - Count the child, parents, siblings, and child's spouse and children.<br>A child is defined as under age 19, or at state option up to age 21 if a full time student. In all cases, biological, step, or adopted relationships count. |
| **Special Adjustments** | | |
| • Adult filing separately but married and living with spouse. | **Add the spouse** to the household of the tax filer only. (Does not apply to tax dependents). | |
| • Pregnant woman in the household. | **Add the number of children the pregnant woman is expected to deliver** to her household size. (Adjustment may apply to other family members at state option.) | |

## Endnotes

[1] *Federal Register* Vol. 76, No. 75, Tuesday, April 19, 2011/Rules and Regulations, "Medicaid Program: Federal Funding for Medicaid Eligibility Determination and Enrollment Activities," (April 19, 2011).

[2] "42 CFR 435.603 Application of Modified Adjusted Gross Income (MAGI)," *Federal Register* 77: 17206 (March 201242 CFR 435.603. Application of modified adjusted gross income), available at http://www.gpo.gov/fdsys/pkg/CFR-2012-title42-vol4/pdf/CFR-2012-title42-vol4-sec435-603.pdf.

[3] Adjusted gross income can be found on line 37 of the 1040, line 21 of 1040A, or line 4 of 1040EZ. A tax filer must file either a 1040 or 1040A for the year he receives a premium tax credit.

[4] The Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) programs provide free tax assistance to low to moderate-income individuals, the elderly, and individuals with limited English proficiency, available at http://www.irs.gov/Individuals/Free-Tax-Return-Preparation-for-You-by-Volunteers.

[5] A tax filer must file either a 1040 or 1040A for the year he receives a premium tax credit.

[6] Based on preliminary, unpublished findings of a 50-state survey on Medicaid and CHIP policies conducted annually by the Georgetown Center for Children and Families and the Kaiser Commission on Medicaid and the Uninsured.

[7] M. Heberlein, *et al*., "Getting Into Gear for 2014: Findings from a 50-State Survey of Eligibility, Enrollment, Renewal, and Cost-Sharing Policies in Medicaid and CHIP, 2012-2013," Kaiser Commission on Medicaid and the Uninsured (January 2013).

[8] *Op. cit.* (7).

[9] T. Brooks, *et al*., "Modern Era Medicaid: Findings from a 50-State Survey of Eligibility, Enrollment, Renewal, and Cost-Sharing Policies in Medicaid and CHIP as of January 2015," Kaiser Commission on Medicaid and the Uninsured (January 2015).

[10] *Op. cit*. (10).

[11] CMS Letter to State Health Official, SHO# 13-005, Re: Payment Error Rate Measurement eligibility reviews, Medicaid Eligibility Quality Control (MEQC) Program, and development of an interim approach for assessing payment error for eligibility, available at http://www.medicaid.gov/Federal-Policy-Guidance/downloads/SHO-13-005.pdf .

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