State of New Jersey

DEPARTMENT OF HUMAN SERVICES
DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES
P.O. Box 712
Trenton, NJ 08625-0712

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

JENNIFER VELEZ
Commissioner

VALERIE HARR
Director

MEDICAID COMMUNICATION NO. 14-12 **DATE: November 17, 2014**

TO: County Welfare Agency Directors
Statewide Eligibility Determining Agencies

SUBJECT: Affordable Care Act Eligibility Information

The Patient Protection and Affordable Care Act of 2010, and the Health Care and Education Reconciliation Act of 2010, are collectively referred to as the Affordable Care Act (ACA) and became effective on January 1, 2014. New Jersey enacted a provision of the ACA to expand Medicaid for certain individuals. This Medicaid Communication will outline the new eligibility rules and changes to program operations that are a result of New Jersey's Medicaid Expansion. For a summary of what rules have changed and what rules have remained the same, please see Attachment A.

In accordance with the provisions set forth, many changes have taken effect including the use of new income counting and household composition methodologies known as Modified Adjusted Gross Income or MAGI. These changes impact the "family" Medicaid programs which include Aid to Families with Dependent Children (AFDC), Medicaid Special, NJ Care…Special Medicaid Programs for Children and Pregnant Women, and NJ FamilyCare (CHIP). In order to simplify the terms used to describe the "family" programs and all New Jersey Medicaid programs, the Division of Medical Assistance and Health Services (DMAHS) is branding its' programs collectively as NJ FamilyCare.

The MAGI methodology is used by both the NJ FamilyCare programs and the Federally-facilitated Marketplace (FFM). A new application has been designed based on the Federal guidelines for use by both entities. The goal is to have a "No Wrong Door" approach to obtaining health insurance coverage. When an individual is determined ineligible for NJ FamilyCare or any other New Jersey medical assistance program, their case will be electronically transferred to the FFM. Conversely, when an individual applying at the FFM is determined eligible for medical assistance, their case will be electronically transferred to the appropriate NJ eligibility determining agency.

Another result of the change to using the MAGI methodology is that some information required to determine an individual's eligibility can be self-attested by the applicant and some information can be electronically verified. The Federal Data Services Hub (FDSH) and other state, federal and private data sources are to be used to electronically verify information on an application. DMAHS is in the process of establishing connectivity to the FDSH.

Electronic Verifications

The FDSH will gather information from the Department of Homeland Security (Homeland Security), the Internal Revenue Service (IRS), the Social Security Administration (SSA) and other federal data sources. It will verify information regarding income, citizenship, immigration status, social security number and Medicare status for New Jersey. In addition to the new resources provided by the Federal Government, New Jersey will continue to use existing electronic data sources for verifications such as LOOPS, DABS and Wages and the Bureau of Vital Statistics (BVS).

Reasonable Compatibility

With the use of electronic data matching, there is the potential for inconsistencies between the income figures on an application and the income information provided by the data source. Therefore, federal guidelines have allowed states to adopt a reasonable compatibility standard for income; New Jersey has elected to use 10% as its standard. Should the income reported by the applicant and the income information received through the data sources fall within this 10% standard, the information will be viewed as verified and the application will be processed using the income amount stated by the applicant.

For Example:

If a client reports his/her income to be $15,000.00 annually and the IRS data match returns an income of $15,150.00 annually, the difference between the applicant's reported income and the IRS data match is only 1% and therefore the income is viewed as verified in the amount of $15,000.00 annually.

If the client reports his/her income to be $15,000.00 annually and the IRS data match returns an income of $20,000.00 annually, the difference between the applicant's reported income and the IRS data match is approximately 33%. This amount exceeds the 10% reasonable compatibility standard and, thus, additional verifications would be required from the applicant or the electronically verified figure would be used.

Alternate Forms of Verification

Should electronic data verification not be available, or if there is a significant difference in the electronic data received and the attested information, paper documentation may be requested. This paper verification process may only be used when all electronic verification methods prove to be unavailable, inconsistent or not reflective of an applicant's current circumstances.

Self-Attestation

In addition to electronic verifications, the State will accept self-attestation of many different data elements associated with the application process. Residency, household composition, age, caretaker relative status, pregnancy information and application for other benefits such as, but not limited to, social security will all be self-attested by the applicant and not subject to additional verification. Income may be self-attested when electronic verification is not available and requests for paper documentation have been exhausted.

Federal regulations prohibit us from accepting self-attestation for identification, social security number, citizenship, and immigration status. These non-financial eligibility factors may be verified using electronic data sources as outlined above.

Security

The information that will be verified using the FDSH is only permitted to be used in determining eligibility for ACA-related programs. This information may not be used to make determinations regarding eligibility for other assistance programs. Anyone who uses the information from the FDSH inappropriately will be subject to adverse actions.

Reasonable Opportunity Period for Citizenship or Immigration Status

A reasonable opportunity period is defined as a four month period of eligibility that is given to individuals who are applying for Medicaid to provide verification of their citizenship or immigration status. Formerly, the reasonable opportunity period was six months as referenced in Medicaid Communication 09-16. All other operational procedures referenced in 09-16 have remained the same. Citizenship and immigration status are the only eligibility factors that are given this opportunity. After the four month period of time, if the applicant has not proven their status, their benefits will be terminated and they will not receive this opportunity period again. Applicants must submit their verification information before receiving any benefits in the future. Those who submit their verifications within the allotted time will continue to be eligible for the rest of the 12 month period until their re-determination date.

Newly Eligible Populations

The newly eligible populations from the Medicaid Expansion are single adults, childless couples and parent/caretaker relatives between the ages of 19 and 64 with income under 133% of the FPL and are not Medicare eligible. All other non-financial eligibility rules still apply including those for citizenship and residency. Those individuals who are lawfully permanent residents under five years will not be eligible and they should be referred to the FFM.

Individuals currently receiving Medicare or those who are Medicare eligible, are not entitled to programs offered through the Medicaid Expansion for single adults, childless couples or parents/caretaker relatives. Those individuals who are approaching the age of 65 will be noticed of their benefit termination due to their age and will be advised to apply for Medicare, an aged program through Medicaid or insurance through the FFM.

Household Composition

In accordance with the adoption of MAGI eligibility determining methods, the way household composition is defined has changed. A family's household composition is now accepted as self-attested on an application. There is also no longer one household unit based on who lives together; instead, each individual is required to have their own separate household determination. As a result, there may be multiple household units all living within the same home.

Since the MAGI methodology is based on federal tax filing concepts, household composition will now be separated into both tax filing and non-tax filing rules. To assess whether to use tax filing rules or non-tax filing rules, staff must determine if someone is expected to be required to file taxes in the current year. If an individual is required to file taxes, their income must exceed the minimum tax filing threshold. At the end of 2013, the tax filing threshold for an individual under 64 is $10,000 annually and $20,000 annually for a couple filing jointly. These thresholds will need to be verified each year with the IRS to ensure they have not changed.

Please note that many people file taxes even though their income does not meet this threshold in order to receive a refund for their tax withholdings. It is only those individuals that exceed these income thresholds that are required to file taxes and will use tax filer rules. All other applicants will follow non-tax filer rules for household composition.

In addition to the rules that will follow, New Jersey has elected to continue to include a pregnant woman as one, plus the number of children she is expected to deliver. Anyone that has a pregnant woman included in their household will also add the number of children she is expected to deliver. If the father of the unborn child(ren) and pregnant woman are not married and living together, the expected children are not included in the father's household until after the children are born. Also, counting **step parents** in a household will no longer be optional, step parents and their income will be included.

Tax Filer Household Composition Rules

The household composition for an applicant who files federal income taxes is comprised of the tax filing unit. The tax filing unit consists of the head of household, (who cannot be claimed as a dependent by anyone else), their spouse if living with them regardless of their filing status, and all individuals that the head of household expects to claim as a tax dependent, regardless of age or student status, for the taxable year. Each individual member of the household will have their own unique household composition. There are some exceptions to the tax filing household composition rule for individual tax dependents, when someone meets one of these exceptions, their individual household will follow non-tax filing rules. These exceptions are as follows:

Exception #1: In the case of married couples residing together, each spouse is included in the household of the other, regardless of their tax filing status. Their combined income is calculated according to the MAGI income counting section of this Medicaid Communication.

Exception #2: When a person is claimed as a tax dependent by someone other than a spouse, parent or legal guardian, his/her household will follow non-tax filer rules. (Example: An elderly person's household who is living with and claimed as a tax dependent by an adult child would follow non-tax filer rules.)

Exception #3: When children are claimed as tax dependents by a non-custodial parent, their household composition with follow non-tax filer rules. The definition of custodial parent includes: (a) an individual who was granted a court order or binding separation, divorce, or custody agreement; or (b) in the absence of such an agreement, the custodial parent is the parent with whom the child spends the most nights.

Exception #4: When a child resides with both parents who file taxes separately, the child will be claimed as a dependent on one parent's tax return and the child's household will follow non-tax filing rules.

Note: Since the MAGI methodology is based on how an applicant anticipates filing his/her income tax return for the coming year, there may be situations where the previous tax return data may not reflect the applicant's current household composition based on the number of claimed tax dependents. The anticipated filing information will be used to determine eligibility.

Non-Tax Filer Household Composition Rules

For applicants that are not required to file taxes or who do not file taxes, the household is comprised of the applicant as well as any spouse and children (biological, adopted, foster or step) who are residing with the applicant. Children, for household composition purposes, are defined as those under the age of 19 (or under 21 if a full-time student). In the event that the applicant is a child then the child's household would consist of the child's siblings (biological, adopted, foster or step) under the age of 19 (or 21 if a full-time student) and parents (biological, adopted, foster or step) that reside with the child. All income is counted based on the instructions found in the *MAGI Income Counting* section of this Medicaid Communication.

In order to contrast the household composition rules for Tax filers and Non-tax filers, please see the summary below:

Tax Filer	**+**	**Spouse** (if residing together)	**+**	**All Claimed Dependents** (regardless of age or student status)	**=**	**Tax-Filer Household**
Non-Tax Filer (or individual meeting an Exception)	**+**	**Spouse** (if residing together)	**+**	**Children + Siblings** (under 19 or under 21 and FT student)	**=**	**Non-tax Filer Household**

Please see Attachment B for Household Composition Scenarios.

Modified Adjusted Gross Income (MAGI) – Income Counting

MAGI income calculations only apply to the “family” Medicaid programs which include Aid to Families with Dependent Children (AFDC), Medicaid Special, NJ Care…Special Medicaid Programs for Children and Pregnant Women, and NJ FamilyCare (CHIP). There are several populations that are exempt from MAGI, this includes individuals who are in foster care, recipients of Supplemental Security income (SSI), individuals eligible for Medicare, individuals requiring long term care assistance, and those aged 65 years or older. Also exempt are certain disabled individuals (including NJ WorkAbility) and higher income Breast & Cervical Cancer applicants.

It is important to remember that income counting for MAGI is the same for all households and individuals regardless of whether they are using tax-filer rules or non-tax filer rules for household composition. All types of income that are included, excluded or deducted from MAGI are the same for everyone.

Income counting rules are based on an applicant’s household composition and the countable adjusted gross income among household members, minus any allowable deductions. The head of household’s income and their spouse’s income are always counted in the household, whether they are required to file taxes or not. A head of household can be a child if there are no other adults in their individual household which would mean that their income would count towards their eligibility regardless of whether they would be required to file taxes or not. This situation would occur if the child met the second tax-filer exception where they are being claimed as a tax dependent by someone other than a parent.

Other household member’s income are included if they are required to file a tax return because they have income above the tax filing threshold. If the other household member is not required to file a tax return, then their income would not be included in the household, regardless of whether or not they file a tax return. This rule includes children. (For example, someone making $9,000 per year is not required to file taxes because they make less than the tax filing threshold of $10,000 per year for an individual, however, they do file a tax return to receive their tax withholdings. Their income would not be counted.)

After determining whose income is counted in the household, the steps for determining Modified Adjusted Gross Income for each individual are as follows:

First, determine if any of the following types of income need to be excluded from each individual's MAGI:

- Child Support received
- SSI
- Worker's Compensation payments
- Veteran's benefits
- Inheritances
- TANF and other government cash assistance
- Proceeds from Life, Accident or Health Insurance
- Scholarships, Fellowship Grants and Awards used for educational purposes.
- Gifts and Loans
- Federal Tax Credits and Federal Income Tax Refunds
- Income distributions for Native American Indians and Alaskan Natives

Second, determine what income is included in MAGI. This is what is used as the starting point in the actual MAGI calculation. Adjusted gross income equals the taxable amount of income after the exceptions are deducted. Then add all tax exempt interest, foreign earned income and non-taxable Social Security benefits to the adjusted gross income. If you are looking at a pay stub or a tax return, please see the Attachment C titled MAGI Income Counting Examples to determine what part of each document is used.

Types of income that are included within adjusted gross income are:

- Wages, Salaries, Tips (includes temporary disability benefits)
- All Interest (including tax exempt interest)
- All Social Security Benefits including retirement, disability and survivors benefits (both taxable and non-taxable)
- Dividends, Net Capital Gains, Net other Gains
- Net Business Income, Net Farm Income
- IRA distributions (taxable amount)
- Pensions and Annuities (taxable amount)
- Rental Real Estate, Royalties
- Partnerships, S Corporations, Trusts
- Unemployment Compensation
- Alimony received
- Foreign Earned Income
- Taxable refunds, Credits or Offsets of State and Local income taxes

- Other Income (cancelled debts, court awards, jury duty pay not given to an employer, gambling, prizes and awards)

Finally, deduct any items that are outlined below from the adjusted gross income:

- Alimony paid out
- Self-Employment Expenses and Business Losses
- Certain Pre-Tax contributions (this may include Child Care Costs, Retirement Savings, certain Commuting Cost, Health Insurance Premiums and/or Flexible Spending Accounts).
- Educator Expenses
- Moving Expenses
- Deductible part of Self-Employment Tax
- Self-Employed SEP, SIMPLE, and Qualified Plans
- Penalty on early withdraw of Savings
- IRA Deduction
- Student Loan Interest Deduction
- Tuition and Fees
- Domestic Production Activities Deduction
- Certain Business Expenses of Reservists, Performing Artist, and Fee-Based Government Officials
- Health Savings Account Deduction

After adding, deducting and excluding all of the above, the sum of those numbers is the individual's Modified Adjusted Gross Income. At this point, staff will add all the individual's MAGI amounts that are included in the households of each individual. Then staff will compare the total amount to the annual income standards sheet under the correct individual MAGI household composition number to determine financial eligibility for each individual.

When someone is determined ineligible, the new MAGI methodology has adopted a 5% general income disregard that only applies to applicants above the maximum Medicaid/CHIP federal poverty levels. This disregard is only applied to income standards that reflect a percentage of the poverty level (it is not for AFDC or Medicaid Special which have fixed dollar rates). For example, the 133% FPL income standard for the newly expanded adult group is increased up to 138% of the FPL, the 142% FPL level for children, ages 1-19, is increased up to 147% FPL. **This disregard is not necessary if the applicant is below the maximum threshold and may not be applied to a child in order to make them eligible for a different benefit plan.** (For example, the 5% disregard cannot be used on a Plan C child to make them Plan B eligible.) This general disregard has resulted from the elimination of the former state specific disregards such as enhanced earned income disregards, child care and child support disregards. CMS has converted the state's income standards for AFDC and Medicaid Special programs in order not to disadvantage anyone formerly eligible under the old rules. These new income limits and FPL percentage increases are outlined in the charts below.

Converted AFDC Income Standards		
Household Size	**Former Standard**	**Converted Standard**
1	$185	$223
2	$369	$421
3	$443	$508
4	$507	$585
5	$567	$658
6	$624	$729
7	$677	$795
8	$728	$859
additional	$50	$63

Converted Family Income Standards		
Program	**Former Standard**	**Converted Standard**
Pregnant women and infants <1yr	185% FPL	194% FPL
Children ages 1-5	133% FPL	142% FPL
Children ages 6-18	100% FPL	107% FPL
Uninsured children ages 6-18 >100% FPL	133% FPL	142% FPL

In addition to the changes in disregards and income limits, there is no resource test under the MAGI methodology, nor are there any differences between earned and unearned income. Lump Sum income is no longer to be used to calculate an ineligibility period instead all lump sum income is counted as income in the month it is received.

Medicaid Special

The Medicaid Special program also has new rules due to the MAGI methodology. In addition to the usual non-financial requirements, to be eligible, you must be 19 or 20 years old with income at or below the new Medicaid Special Income Standards as shown in the chart below. These income standards have been converted from the former AFDC Standards that were previously used for this program due to the elimination of the enhanced earned income disregard. Citizenship requirements are the same as for a children's program which allows for restricted aliens. Student status does not affect program eligibility and they receive a Plan A benefit package.

Converted Medicaid Special Income Standards			
Household Size	**Monthly Standard**	**Household Size**	**Monthly Standard**
1	$509	6	$1,508
2	$805	7	$1,673
3	$991	8	$1,836
4	$1,167	additional	$ 162
5	$1,339		

If an individual's income is above the Medicaid Special threshold and less than 133% FPL, they should be considered for an adult program. If a Medicaid Special eligible individual is a parent, they should be put into a parent program. However, if a restricted alien parent has the age and income within the Medicaid Special limits, they should be put into the Medicaid Special program because it allows for the restricted alien status. If a parent of a 19 or 20 year old Medicaid Special individual does not have any other dependent children, their program will change from a parent program to an adult program. Please see <u>Attachment D</u> for examples of these Medicaid Special circumstances.

<u>Benefits</u>

Individuals who are newly eligible for Medicaid through the Medicaid Expansion as single adults, childless couples or parents/caretaker relatives will receive an Alternate Benefit Plan (ABP). The ABP consists of all Plan A services plus some additional mental health and addiction services, however, long term care services are excluded unless the person is determined Medically Frail (see below).

Children and pregnant women who qualify for NJ FamilyCare Medicaid programs are permitted to carry other insurance including Medicare. Individuals are <u>not</u> permitted to carry other insurance for CHIP Plans B, C or D.

<u>Medically Frail</u>

If an individual who is receiving the ABP is in need of nursing home or long term care services, there is a provision for them to be covered if they are determined "medically frail." In order to be determined medically frail, an applicant must be in one of the following categories as defined in 42 CFR§440.315(f) and 42CFR§ 438.50(d)(3);

- Individuals with disabling mental disorders;
- Individuals with serious and complex medical conditions; and
- Individuals with physical and/or mental disabilities that significantly impair their ability to perform one or more activities of daily living.

To begin the "medically frail" determination process, the eligibility determining agency, the individual or their representative, will need to contact their appropriate Medical Assistance Customer Center (MACC). The MACC will follow-up with the individual or their representative with the appropriate forms and will coordinate the medical documentation needed to make the determination. Once an individual's “medically frail” condition is certified, they will be eligible to receive Plan A benefits which include long term care services.

Operations and System Changes

Since January 2014, a MAGI calculator has been built into the NJ FamilyCare online administrative tool. The MAGI calculator has been available for all eligibility determining agencies to assist with their case processing. This calculator has been enhanced for ease of use and will continue to be employed as the official tool until the necessary systematic changes are made for a new tool to include the ability to determine household composition using tax filing rules and non-tax filing rules. Eventually, it will also electronically verify information with the Federal Data Services Hub.

The changes outlined in this Medicaid Communication have made the eligibility determination process for Medicaid different from those of other cash assistance programs such as Temporary Aid to Needy Families (TANF) and General Assistance (GA). As a result of these changes, Medicaid is delinked from the other assistance programs and separate eligibility determinations must be made for Medicaid. For many years recipients of TANF and GA benefits have received Medical Assistance as part of a packaged benefit program. This practice changed effective January 1, 2014. The restrictions on eligibility for cash benefits associated with drug convictions and work requirements no longer have any impact on an applicant’s eligibility for Medicaid.

In addition, systematically, the Family Assistance Management Information System (FAMIS) and the General Assistance Automated System (GAAS) have delinked from the Medicaid Eligibility System (MES). Just prior to January 2014, there were system conversions of program status codes (PSC) affected by the new ACA rules. This conversion was to ensure that the State is able to claim the appropriate Federal Medical Assistance Percentage (FMAP) and to assist in streamlining the Medicaid populations. PSCs are necessary for budget purposes as well as to process and pay capitations/claims correctly for eligible NJ FamilyCare participants.

To summarize the PSC changes, please see the following chart:

Program Status Code Changes		
Program	**Former PSC**	**New PSC**
Medicaid Pregnant Women	490/491/492	490
CHIP Pregnant Women	499	499
Parents – AFDC	AFDC Codes	320
Parents	380/497	380
Adults	761/763	762
Children – AFDC	AFDC Codes	310
Children	480/481/482 483/485/380	481/482 483/485/461
Medicaid Special	AFDC Codes	462

Attachment E is a more comprehensive list of the converted PSCs with their appropriate definitions related to age, FPL and proper disregard use. CWA and other eligibility determining agencies are now using these new PSCs and are entering newly eligible individual's information separately into the MES.

The system changes outlined above also include some changes in the way case numbers are being assigned. For example, all "family" cases, which include parents and children, have a program number 30. The case number would start with 0130xxxxxx-xx. The 01 in the example represents the county or vendor number and the 30 represents the program number. All "adult" cases which include the newly eligible single adults and childless couples have a program number 70. The case number would start with 0170xxxxxx-xx. Individuals in the same household can use the same case number with different person numbers if they are either all in an adult program or they are all in a family program.

Foster Care Changes

According to the ACA there are a large number of changes to the Foster Care and Adoption Assistance programs. These changes include extending the age of coverage from age 21 to age 26, as well as allowing those who were covered on their 18th birthday to return to the Division of Child Protection and Permanency (DCP&P) (formerly Division of Youth and Family Services) coverage until their 26th birthday. PSC 620 is now utilized to identify these individuals separate from the under age 18 Foster Care enrollees (PSC 600 or 650).

Transitioned Programs

Seamless to the County Welfare Agencies, certain state funded and expiring waiver program recipients were systematically transitioned into new appropriate programs. These populations include 380, 497 and 498 PSC parents, former Health Access individuals and Essential Persons (EP).

If you have any questions regarding this Medicaid Communication, please refer them to the Division's Office of Eligibility Policy field service staff for your agency at 609-588-2556.

Sincerely,

Valerie Harr

Valerie Harr
Director

VH:m

c: Jennifer Velez, Commissioner
Department of Human Services

Dawn Apgar, Deputy Commissioner
Department of Human Services

Lowell Arye, Deputy Commissioner
Department of Human Services

Lynn Kovich, Assistant Commissioner
Division of Mental Health and Addiction Services

Liz Shea, Assistant Commissioner
Department of Human Services

Joseph Amoroso, Director
Division of Disability Services

Jeanette Page-Hawkins, Director
Division of Family Development

Allison Blake, Commissioner
Department of Children and Families

Attachment A

Federal HealthCare Law
Medicaid Expansion
Eligibility Rules

What has changed includes but is not limited to:

- NJ FamilyCare branding for all Medicaid “Family Programs”
- Federally Facilitated Marketplace
- Medicaid Expansion newly eligible populations
- New Application
- Expanded use of electronic verifications of information
- Self-attestation accepted on more categories of information
- Reasonable Compatibility standard for income (10%)
- Reasonable Opportunity for Citizenship (changed to 4 months)
- MAGI Converted Income Standards
- Reducing number of income disregards to one 5% general disregard on highest income thresholds
- Household Composition Rules
- Income Counting Rules
- Delinking Medicaid from other cash assistance programs
- Delinking MES from FAMIS and GAAS
- Other insurance allowed for single adults, childless couples, parents/caretaker relatives under 133% FPL
- Medicaid Special Eligibility Changes
- Alternative Benefit Plan (ABP)
- Medically Frail Determinations
- Changes in Program Status Codes (PSC)
- Telephone applications

What has remained the same includes but is not limited to:

- No resource test for Family Programs
- Transitional Medicaid
- Residency requirements
- Citizenship requirements
- TPL requirements for CHIP
- Aged Blind and Disabled Programs
- Medically Needy Program
- Long Term Care Medicaid Eligibility Process

In order to contrast the household composition rules for Tax filers and Non-tax filers, please see the summary below:

Tax Filer	**+**	**Spouse** **(if residing together)**	**+**	**All Claimed Dependents** **(regardless of age or student status)**	**=**	**Tax-Filer Household**
Non-Tax Filer **(or individual meeting an Exception)**	**+**	**Spouse** **(if residing together)**	**+**	**Children + Siblings** **(under 19 or under 21 and FT student)**	**=**	**Non-tax Filer Household**

Examples of Household Scenarios

Example 1 – Brad and Stacey are married and reside together. However, they are filing their tax returns separately as "married, filing separate". Because they are married and reside together yet do not file their taxes as "married, filing jointly" they meet an exception to the tax filing rule (exception #1). Therefore, they must be included in each other's household. As a result, the household includes:

	Counted in HH		HH Size
	Brad	Stacey	
Brad	X	X	2
Stacey	X	X	2

Example 2 – Henry (36) and Jill (42) file a joint tax return and claim Henry's mother Joanne, (66), as a tax dependent. Since Joanne is not being claimed by a spouse or a parent, Joanne meets an exception to the tax filing rule (exception #2). Therefore, Joanne's household is calculated using non-tax filing rules. The households include:

	Counted in HH			HH Size
	Henry	Jill	Joanne	
Henry	X	X	X	3
Jill	X	X	X	3
Joanne			X	1

Example 3 – Susan (17) is claimed as a dependent on a tax return filed by her Uncle Bob. Because Susan is claimed as a tax dependent by a caretaker relative, Susan meets an exception to the tax filing rule and her household will follow non-tax filer rules (exception #2). Uncle Bob is not Susan's spouse, parent, sibling or child (under the age of 19 or 21 and a full time student), the households include:

	Counted in HH		HH Size
	Uncle Bob	Susan	
Uncle Bob	X	X	2
Susan		X	1

Example 4 – The parents of 10 year old Bailey are divorced and, as a result, they alternate who gets to claim the child as a tax dependent. Bailey permanently resides with his Mom (the custodial parent) but he is claimed as a tax dependent by his Dad for the current year; therefore, Bailey meets an exception to the tax filing rule (exception #3) for this particular year. Bailey's household would be determined using non-tax filing rules, since he lives only with his mom, his household would include only his mom and himself. The households include:

	Counted in HH		HH Size
	Mom	Bailey	
Mom	X		1
Bailey	X	X	2

Example 5 - Rob and Jen live together and are the **unmarried** parents to Anna and Kevin. Each parent claims one child as their dependent on their individual tax returns. Both Rob and Jen's separate households would consist of themselves and their respective claimed child/tax dependent. However, because each child is expected to be claimed as a tax dependent on only one of their parents' tax returns the children meet an exception to the tax filing rules (exception #4). Therefore, the children's household would follow non-tax filing rules. The children's households would include both of their parents and their sibling as shown below:

	Counted in HH				HH Size
	Rob	Jen	Anna	Kevin	
Rob	X			X	2
Jen		X	X		2
Anna	X	X	X	X	4
Kevin	X	X	X	X	4

MAGI INCOME COUNTING EXAMPLES

SAMPLE PAY STUB

Town of Lunenburg
Town Hall
17 Main Street, P.O. Box 135
Lunenburg, MA 01462-0135
(978) 582-4130

Advice Number

Advice Date	Advice Amount
	$0.00

**********NO DOLLARS AND NO CENTS
Deposit To The Account Of

08 S1010000 0
Employee ABC
Employee Address
Employee City, State, Zip Code

DIRECT DEPOSIT
NON-NEGOTIABLE

Town of Lunenburg

Emp No.	Employee Name	Soc Sec No.	Period Ending	Advice Date	Type	Advice Number
0000	Employee ABC	000-00-0000	00/00/00	00/00/00	TOWN PYRL	000000

Type/Hours	Earnings	Deductions		Year-To-Date	
0000.00	0000.00	MEDICARE	00.00	EARNINGS	00,000.00
		FEDERAL	00.00	FIT GROSS	00,000.00
		STATE	00.00	MEDICARE	000.00
		RETIREMENT	00.00	FEDERAL	0,000.00
		RETIREMENT PLUS	00.00	STATE	0,000.00
		HMO BLU I BT	00.00	RETIREMENT	0,000.00
		DIRECT DEPOSIT	00.00	RETIREMENT PLUS	000.00
			00.00	HMO BLU I B	000.00
		DIT UNION	00.00	DIRECT DEPO	00,000.00
			00.00	CREDIT UNIO	000.00
				LIFE BASIC	0.00
				VOL L 15 ND	00.00
				TSA	00.00

Use this Amount

Totals	
TOTAL PAY	0,000.00
DEDUCTIONS	0
NET PAY	0,000.00
TAXABLE GROSS	0,000.00

Accrual Usage	Remaining Balance
VACA (H)	000
SICK (H)	000.00
PERS (H)	00.00

This is a sample pay stub. The amount used for MAGI Income counting would be the Taxable Gross amount. This amount is the gross pay minus all pre-tax deductions. See the arrow and box that says Use this Amount.

Tax Return Example

Form **1040** Department of the Treasury—Internal Revenue Service (99) **2013**
U.S. Individual Income Tax Return

8a	Taxable interest. Attach Schedule B if required	8a	150.00
b	Tax-exempt interest. Do not include on line 8a . . . 8b 1700.00		
20a	Social security benefits 20a 15000.00 b Taxable amount	20b	2550.00
37	Subtract line 36 from line 22. This is your adjusted gross income	37	11,000.00

Form **2555-EZ** Department of the Treasury Internal Revenue Service (99)
Foreign Earned Income Exclusion
▶ Attach to Form 1040.
▶ Information about Form 2555-EZ and its separate instructions is at www.irs.gov/form2555ez.
OMB No. 1545-0074 **2013** Attachment Sequence No. **34A**

17	Enter, in U.S. dollars, the total foreign earned income you earned and received in 2013 (see instructions). Be sure to include this amount on Form 1040, line 7	17	1650.00

The Income counted on a 1040 tax return would include line 37, which is the adjusted gross income, plus non-taxable social security benefits (Line 20a Minus Line 2b), plus tax exempt interest on Line 8b, plus Foreign Earned Income from form 2555-EZ equals MAGI.

1040 Form		
Line 37		$11,000
Line 20a	+	$15,000
Line 20b	-	$ 2,550
Line 8b	+	$ 1,700
Total		$25,150
2555- EZ Foreign Earned Income Form		
Line 17	+	$ 1,650
Annual MAGI		**$26,800**

Attachment D

Medicaid Special Examples

Example 1:
Jacob (19) applies for benefits for himself and his son Brian (2). Jacob and Brian are both US citizens. Jacob has a MAGI income of $756.00 per month.

While Jacob could be otherwise eligible as a Medicaid Special, because he is a citizen and a parent, he would be eligible for the parent program with a PSC of 320 or 380. Brian will qualify for a Plan A children's program.

OR:

Jacob (19) and his son Brian (2) apply for benefits. They have both been legal permanent residents for less than five years. Jacob has a MAGI income of $756.00 per month.

Even though Jacob is a parent, he does not meet the citizenship requirements for the expanded parents program. His age and income still qualify him for the Medicaid Special program which does not have the same citizenship requirements. He will receive the Medicaid Special program and be a PSC of 462. Brian will still qualify for a Plan A children's program.

Example 2:
Janis (40) applies for benefits for herself and her only child Joel (19). Both Janis and Joel are United States citizens. Joel is a full time student. Janis has a monthly income of $685.00.
Janis will qualify as a single adult and receive a PSC of 762 because she does not have a dependent child under the age of 19. Joel will qualify as a Medicaid Special and receive a PSC of a 462.

OR:

Janis applies for benefits for herself, Joel and her daughter Nellie (10). All of their other information remains the same. Janis will qualify as a parent and receive a PSC of a 320 or 380 because she has a dependent child under the age of 19. Joel will continue to qualify as a Medicaid Special and Nellie will qualify for a Plan A children's program.

Attachment E

Income Limits and Program Status Codes, MAGI-Determined Eligibility Only

Effective January 1, 2014

Population	Age		Income		5% Disregard	Other Factors (if applicable)	PSC	Person Number	Definition	Plan	FMAP
	Min	Max	Min	Max							
Newborn	0	1	0	AFDC*			310	20-39		A	50
			AFDC*	194	199		482	20-39	Newborn >1 >AFDC ≤194% FPL - FM	A	50
			195	200			488	20-39	CHIP Newborn 195-200% FPL, Plan C – FM	C	65
			201	250			493	20-39	CHIP Child 0-18, 201-250% FPL, Plan D - FM	D	65
			251	300			494	20-39	CHIP Child 0-18, 251-300% FPL, Plan D - FM	D	65
			301	350	355		495	20-39	CHIP Child 0-18, 301-350% FPL, Plan D - FM	D	65
Child	1	5	0	AFDC*			310	20-39	AFDC Children 0-18 – FM	A	50
			AFDC*	142	147		481	20-39	Child 1-5, >AFDC ≤142% FPL - FM	A	50
			143	150			486	20-39	CHIP Child 1-18, 143-150% FPL, Plan B - FM	B	65
			151	185			487	20-39	CHIP Child 1-18, 151-185% FPL, Plan C - FM	C	65
			186	200			488	20-39	CHIP Child 1-18, 186-200% FPL, Plan C – FM	C	65
			201	250			493	20-39	CHIP Child 0-18, 201-250% FPL, Plan D - FM	D	65
			251	300			494	20-39	CHIP Child 0-18, 251-300% FPL, Plan D - FM	D	65
			301	350	355		495	20-39	CHIP Child 0-18, 301-350% FPL, Plan D - FM	D	65
	6	18	0	AFDC*			310	20-39	AFDC Children 0-18 – FM	A	50
			AFDC*	107			483	20-39	Child 6-18, >AFDC ≤107% FPL - FM	A	50
			108	142	147	Uninsured	485	20-39	MCHIP Uninsured Child 6-18, 108-142% FPL - FM	A	65
			108	142	147	Have other insurance	461[#]	20-39	Child 6-18, 108-142% FPL - FM	A	50
			143	150			486	20-39	CHIP Child 1-18, 143-150% FPL, Plan B - FM	B	65
			151	185			487	20-39	CHIP Child 1-18, 151-185% FPL, Plan C - FM	C	65
			186	200			488	20-39	CHIP Child 1-18, 186-200% FPL, Newborn 194-200% FPL, Plan C – FM	C	65
			201	250			493	20-39	CHIP Child 0-18, 201-250% FPL, Plan D - FM	D	65
			251	300			494	20-39	CHIP Child 0-18, 251-300% FPL, Plan D - FM	D	65
			301	350	355		495	20-39	CHIP Child 0-18, 301-350% FPL, Plan D - FM	D	65
	19	20	0	Med Special*		Would be otherwise AFDC eligible but for age	462[#]	40-49	Medicaid Special 19-20 - FM	A	50
Adult	19	20	Med Special*	133	138	No dependent children; Not Medicare eligible	762**	01-19	Single Adult/Childless Couple 19-64 0-133% FPL - FM	ABP[+]	100
	21	64	0	133	138	No dependent children; Not Medicare eligible	762**	01-19	Single Adult/Childless Couple 19-64 0-133% FPL - FM	ABP[+]	100
Parent	19	64	0	AFDC*		Have dependent children	320	01-19	AFDC Parents – FM	A	50
			AFDC*	133	138	Have dependent children; Not Medicare eligible	380**	01-19	Parent 19-64 >AFDC ≤133% FPL - FM	ABP[+]	100
Pregnant Women	-	-	0	194	199	Must be pregnant	490	05	Pregnant Women 0-194% FPL - FM	A	50
			195	200	205	Must be pregnant	499	05	CHIP Pregnant Women 195-200% FPL – FM	A	65

The following PSCs will be closed to new applicants as of January 1, 2014: 410, 420, 430, 470, 480, 491, and 492.
The following Programs will be closed as of January 1, 2014: 300, 301, 497, 498, 700, 701, 761, and 763.

* For AFDC and Med Special income charts, see Income Standard sheet.
** Adult and higher income Parent programs can be enrolled now with an effective date of January 1, 2014.
[#] PSCs 461 and 462 replace 380 Children and Medicaid Special (currently identified by Person #), respectively, beginning October 1, 2013.
\+ ABP = Alternative Benefit Plan, the new benefit plan for the new Medicaid population

Rev 4/14