MAGI and More: The Ins and Outs of Income Counting

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MAGI Overview and Refresher

Poll: What program’s rules and nuances do you find most complex?

- Marketplace eligibility
- BadgerCare Plus eligibility
- EBD Medicaid eligibility
- Something else

Agenda

- Essential Resources for Enrollment Assisters
- Overview and Refresher: The Fundamentals of MAGI
- BadgerCare Plus
- Gap Filling Revisited
- Extensions for BadgerCare Plus
- EBD Medicaid
- Other Medicaid Programs
- Income Counting and the Marketplace
- Q&A

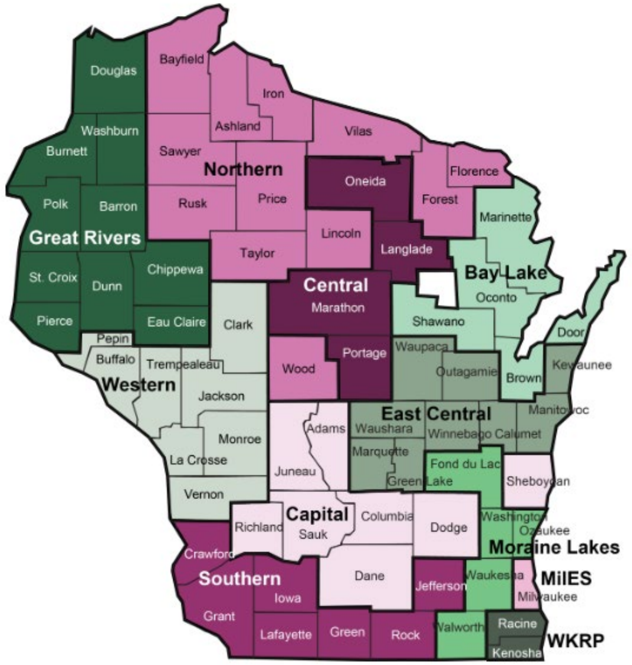
Essential Resources for Enrollment Assisters

- BadgerCare Plus Handbook
  http://www.emhandbooks.wisconsin.gov/bcplus
- Medicaid Eligibility Handbook
  http://www.emhandbooks.wisconsin.gov/meh-ebd
- Health Reform Beyond the Basics
  https://www.healthreformbeyondthebasics.org/
  https://www.healthreformbeyondthebasics.org/wp-content/uploads/2023/08/REFERENCE_YearlyGuidelines_CY2024.pdf
- FPL Calculator
  https://home.mycoverageplan.com/fpl.html

More Essential Resources for Enrollment Assisters

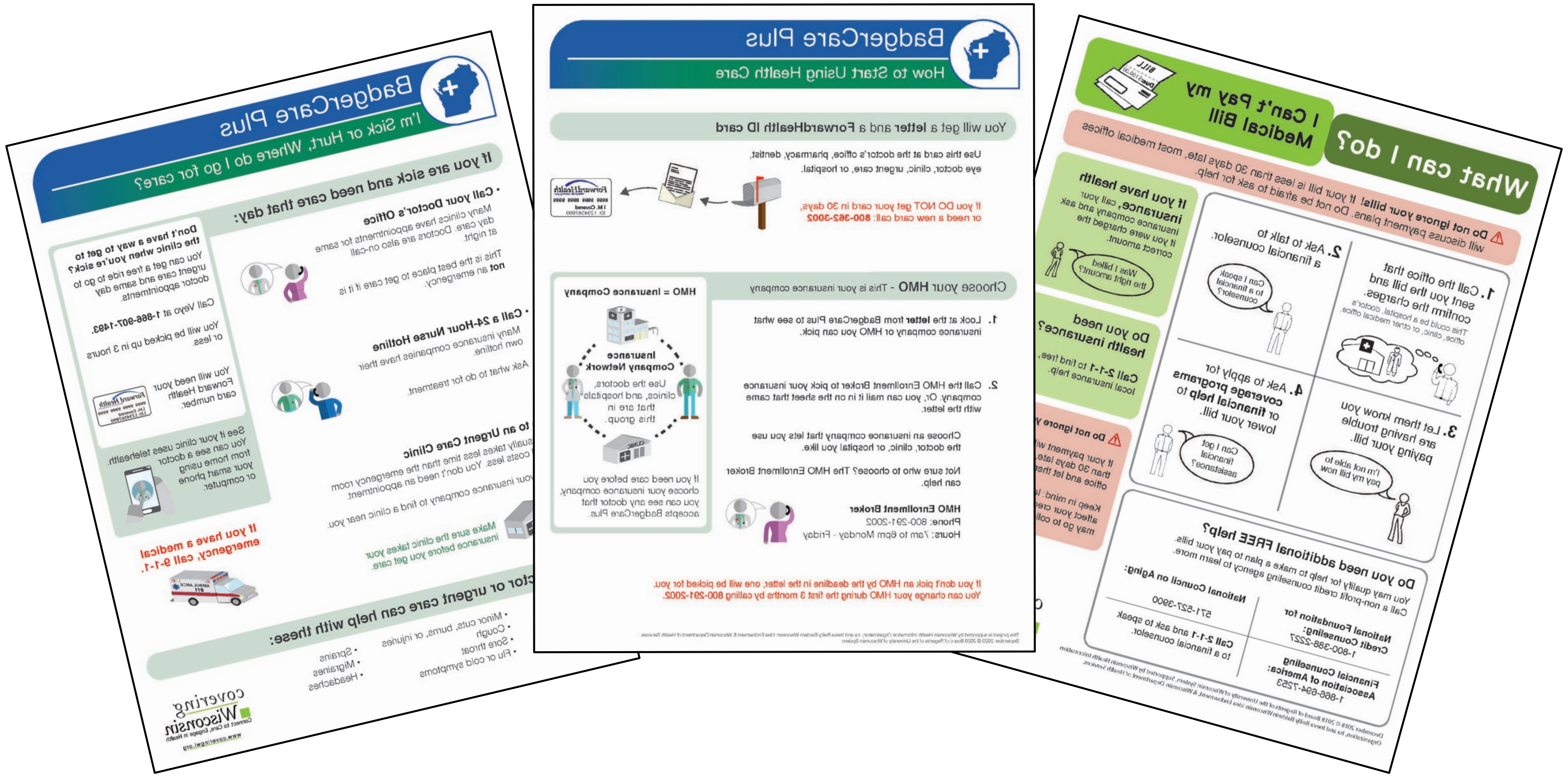
- The Income Maintenance Consortia
- Department of Health Services
  https://www.dhs.wisconsin.gov/forwardhealth/partners.htm
  dhsforwardhealthpartners@dhs.wisconsin.gov

- And of course, Covering Wisconsin fact sheets!
  www.coveringwi.org/learn



More Essential Resources for Enrollment Assisters

- And of course, Covering Wisconsin fact sheets!
  www.coveringwi.org/learn



The Fundamentals of MAGI

MAGI Overview and Refresher

Modified adjusted gross income (MAGI) rules are used to determine household size and household income for Badger Care Plus and for eligibility for advance premium tax credits (APTCs) at the Marketplace.

- MAGI rules are used to determine:
  - The size of the household.
  - Which household members' income is counted.
  - What types of income and deductions are counted.

MAGI Overview and Refresher

Determining household size using MAGI rules can be complex.

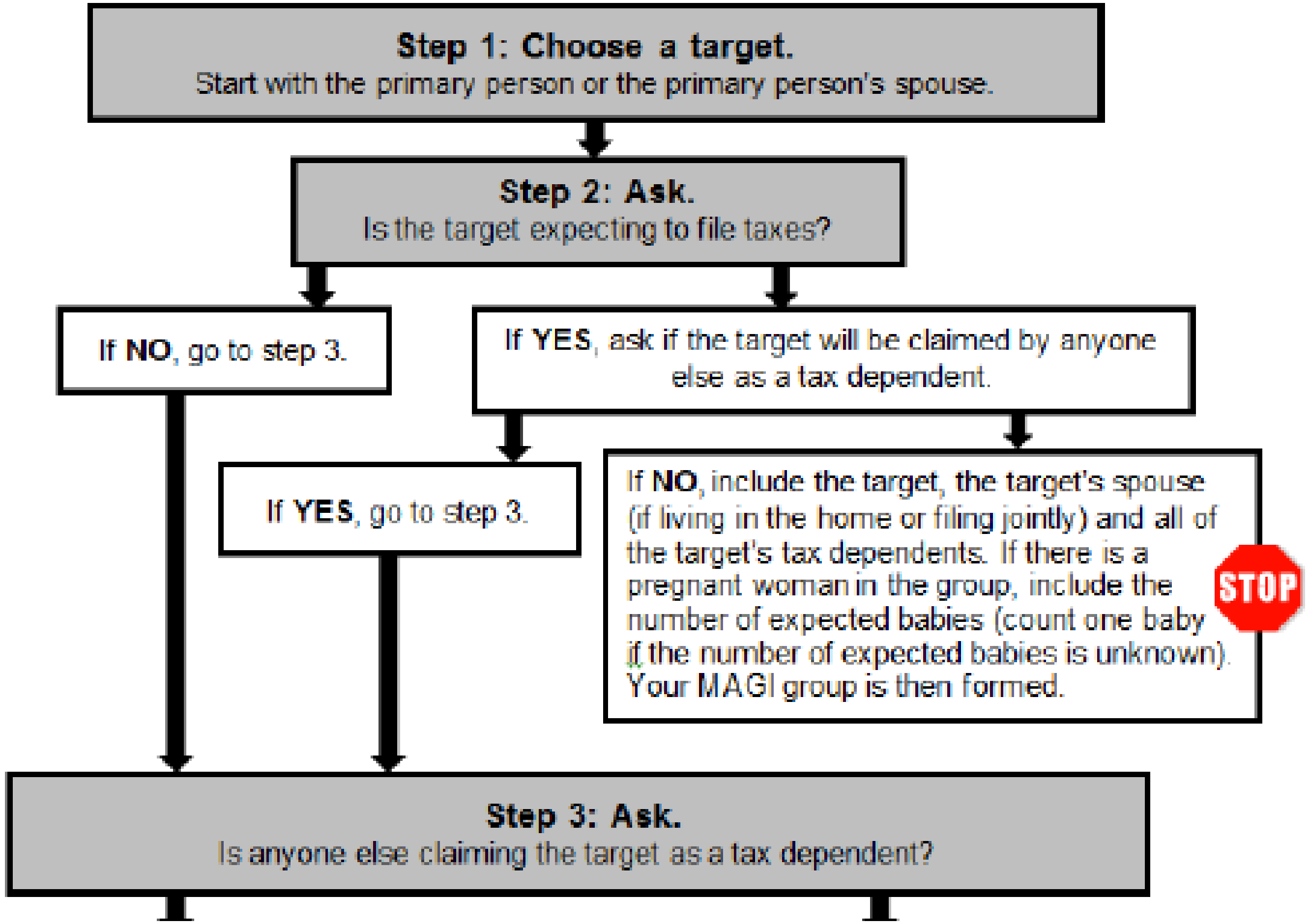
- Tax rules: Usually, household size is based on who plans to file taxes and whom they plan to claim as tax dependents.
- Relationship rules: In other cases, household size is based only on how household members are related to each other.
- As a result of these rules, different household members can have different household sizes.

MAGI Overview and Refresher

- Tax rules:
  - If an adult in the household is planning to file taxes (and is not being claimed as a tax dependent), the household includes the tax filer, spouse, and tax dependents.
- Relationship rules:
  - In most cases, if an adult in the household is not planning to file taxes, the household includes the adult, spouse, and their children under age 19 who are living with them.
- Operative words: “In most cases…”

MAGI Overview and Refresher

Four Steps to Forming a BadgerCare Plus MAGI Group



MAGI Overview and Refresher

Example:

- Marcus, Isabel, and Julius are teenage siblings under 19 who live with their aunt, Gina.
- Gina plans to file taxes and claim all three children as tax dependents this year.
- Using tax rules, **Gina's household size is 4** because she is a tax filer with 3 tax dependents.
- Because the children are being claimed by someone who is not their parent, relationship rules are used. **Each child has a household size of 3**: themselves and their two siblings.

MAGI Overview and Refresher

Other circumstances to keep in mind:

- Tax dependents can be included in someone's household size even if they are living outside of the home or are deceased.
- Spouses must always be included unless they are living separately and filing taxes separately.
- To be considered to be living with a parent, a child under age 19 must be in the parent's home at least 40 percent of the time.
- If parents are divorced, only one parent can claim the child as a tax dependent each year.
- Tax rules are based on how the person plans to file taxes for the current tax year.

MAGI Overview and Refresher

Example:

- Evelyn is divorced and lives with her 15-year-old daughter, Lisa.
- Evelyn plans to file taxes, but Lisa's father, Dmitri, plans to claim Lisa as a tax dependent this year.
- Using tax rules, **Evelyn’s household size is 1** because she is a tax filer with no tax dependents.
- Because Dmitri is a parent who lives outside of the household and is claiming Lisa, relationship rules are used for Lisa. **Lisa’s household size is 2**: herself and her mother.

MAGI Overview and Refresher

Example:

- Eric and Ryan live together but are not married. They have two children, Alice and Graham, 5 and 7.
- Eric plans to file taxes and claim both children as dependents. Ryan also plans to file taxes.
- Using tax rules, **Eric's household size is 3** because he is a tax filer with 2 tax dependents.
- Using tax rules, **Ryan's household size is 1** because they are a tax filer with no dependents.
- For the children, relationship rules are used because their parents are living together but not filing jointly. **Each child's household size is 4** because it includes the child, their sibling, and their two parents.

MAGI Overview and Refresher

Example:

- Mark and Rob are divorced and not living together. Before their divorce, they adopted twins, Kate and Jesse, who are 16. Before the adoption, the twins were in foster care.
- The twins live with each parent 50% of the time, and each parent plans to claim one of the children on their taxes.
- **Mark and Rob each have a household size of 2** using tax rules, because they are a tax filer with one tax dependent.
- **What rules should be used to determine the household size for the children?**

BC + Handbook 2.2.1.2 Joint Placement

MAGI Overview and Refresher

Callback: Former Foster Care Youth

Poll: True or False:

- Because they were in foster care as children, Kate and Jesse will be categorically eligible for BadgerCare Plus with no income limit until they turn 26.

MAGI Overview and Refresher

Sometimes things change!

What happens if a consumer indicates they will claim a child on their taxes, but because of change in circumstances at the end of the year, they do not do so?

- The member would not have to pay back benefits if their actual tax filer and tax dependent situation is different than what they previously anticipated and reported to their IM agency.
- DHS and IM agencies no longer establish new BadgerCare Plus overpayment claims for members.
- If a member does have a change in tax filing status or tax dependents, they should report it to their IM agency so that IM can apply those changes to their case going forward.

BadgerCare Plus

Income Types – Counted or Not Counted

Most taxable income is counted for BadgerCare Plus. This includes (but is not limited to):

- Taxable gross earnings from a job
- Taxable earnings from self-employment
- Social Security income
- Unemployment compensation
- Student financial aid, if used for living expenses
- Taxable retirement, pension, and annuities
- Interest and dividends

Income Types – Counted or Not Counted

Examples of common types of income that are **not counted** for BadgerCare Plus include:

- Child support
- Alimony, spousal support, or maintenance payments (received under separation or divorce agreement completed after January 1, 2019)
- Supplemental Security Income (SSI)
- Gifts or other money from another person
- Worker’s compensation
- Veteran's benefits

Gap Filling Revisited

- Gap filling refers to the way BadgerCare Plus eligibility can be determined using a household’s annual income instead of monthly income, when the monthly income is above the program limits, but the annual income is not. Parents, caretakers, and childless adults may be eligible for BadgerCare Plus using annual income.

- The process was automated in February 2023. If a parent, caretaker, or childless adult is over the monthly income limit, the eligibility system will automatically check if they are eligible using annual income. Applicants and member do not need to ask their IM agency to use annual income.

Gap Filling Revisited

- Like other BadgerCare Plus members, applicants found eligible under gap filling rules are certified under a 12-month period. This rolling 12-month certification period can start and end any month of the year.
- Members keep their certification period even if they change from using monthly income rules to annual income rules when they report changes.
- Because 12-month certification periods often extend over two calendar years, the applicant's expected annual income will be collected at the beginning of a new year.
- Verification of the next year's expected annual income is not required, but an increase in annual income above the FPL limits for BadgerCare Plus could make the applicant ineligible.

Earned Income Extensions for BadgerCare Plus

- When a parent or caretaker relative’s earned monthly income goes above 100 percent FPL due to increased earnings, their eligibility (and their children’s eligibility) is extended by 12 months.
- Typically occurs automatically upon reporting the change in income.
- No income limit for household during an extension, and the extension continues as long as the household continues to meet the other, nonfinancial eligibility criteria.
- If the household’s income goes below 100% FPL during the extension, the extension will end, and they will go back to normal BadgerCare Plus.

Earned Income Extensions for BadgerCare Plus

- Extensions can end if all the children in have left the household or turned 19.
- Different for Support Extensions, based on Spousal or Family Support Income.
- When the extension ends, all of the people who were eligible under the extension will lose their BadgerCare Plus (following adverse action rules) unless they are eligible under another category.

Deductibles for BadgerCare Plus

- Available for children and pregnant women above 306% FPL and children above 156% FPL denied for BadgerCare Plus due to access to health insurance.
- Also available for BadgerCare Plus Emergency Services for these same populations of children and pregnant women. Remember: Childless adults cannot get BadgerCare Plus Emergency Services.
- Deductibles for BadgerCare Plus are met when members incur medical expenses equal to the deductible amount.
- Deductible amounts are calculated for a six-month period using the amount of income that exceeds 150% of the FPL for children or 300% of the FPL for pregnant women.

BC+ Handbook 17.2.3 (pregnant women); 17.3.2 (children).

Backdating for BadgerCare Plus

Backdating

- For those who may have missed their renewal date, they may request backdated coverage.
- Keep in mind, verification for those months must be provided to verify if they are eligible.
- Note: Not all MA programs allow backdating.

Income Counting Highlight: Social Security

- For most cases, Social Security income—not to be confused with Supplemental Security Income or SSI—while not usually taxable, is counted as income for most programs.
- Always remember to count the gross income, and not the net.
- Just because an income type is not taxable or won't be counted for household income doesn't mean don't include it on the application.
- Children and tax dependents who do not meet the income thresholds to be "expected to be required" to file a tax return do not have any of their income counted for BadgerCare Plus, including Social Security.

Midpoint Q&A

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EBD Medicaid

EBD Medicaid

- Full-benefit programs that fall under EBD Medicaid:
  - SSI-Related Medicaid
  - Special Status Medicaid
  - Medicaid Purchase Plan (MAPP)
  - Katie Beckett Program
  - Wisconsin Well Woman Medicaid (WWWMA)
  - Long-Term Care (LTC) Programs
- Most significant difference between eligibility for BadgerCare Plus and EBD Medicaid programs is the asset test.

EBD Medicaid

MAPP Revisited

- Medicaid Purchase Plan (MAPP) is for individuals with a disability who are working or enrolled in a health and employment counseling program.
- The program has higher income and asset limits to allow members to get health care coverage while they are employed.
- The income limit for MAPP is 250% FPL. The asset limit for MAPP is $15,000, counting only the member’s assets.

EBD Medicaid

The MAPP member and their spouse’s net income is compared to the income limit for the household size.

MAPP allows:

- A $20 standard deduction.
- A $65 and ½ earned income deduction.
- Impairment related work expense deduction.
- Special exempt income deduction.
- Medical and Remedial expense deduction (if total of applicant and spouse is above $500).

Other Medicaid Programs

IRIS

- Include, Respect, I Self-Direct.
- IRIS is a Home and Community-Based Waiver (HCBW) program.
- Certain payments received by live-in care providers who provide care to someone enrolled in an HCBW program are not counted for BadgerCare Plus under MAGI budgeting rules.
- As with other HCBW programs, in order to not be counted, IRIS payments must meet several criteria.

BC+ Handbook 16.2 #47.

IRIS

- The payments are made for services provided to an IRIS member under the member's written IRIS plan of care. Payments made for skilled services that only a nurse or other health professional may perform are not eligible for this exemption.
- The payments are made to a live-in care provider for services provided while the care provider and the IRIS member are living in the same home. The live-in care provider may be related to or not be related to the IRIS member.
- The live-in care provider is not providing care to more than 10 people younger than age 19 at the same time or five people age 19 or older at the same time.

BC+ Handbook 16.2 #47.

IRIS

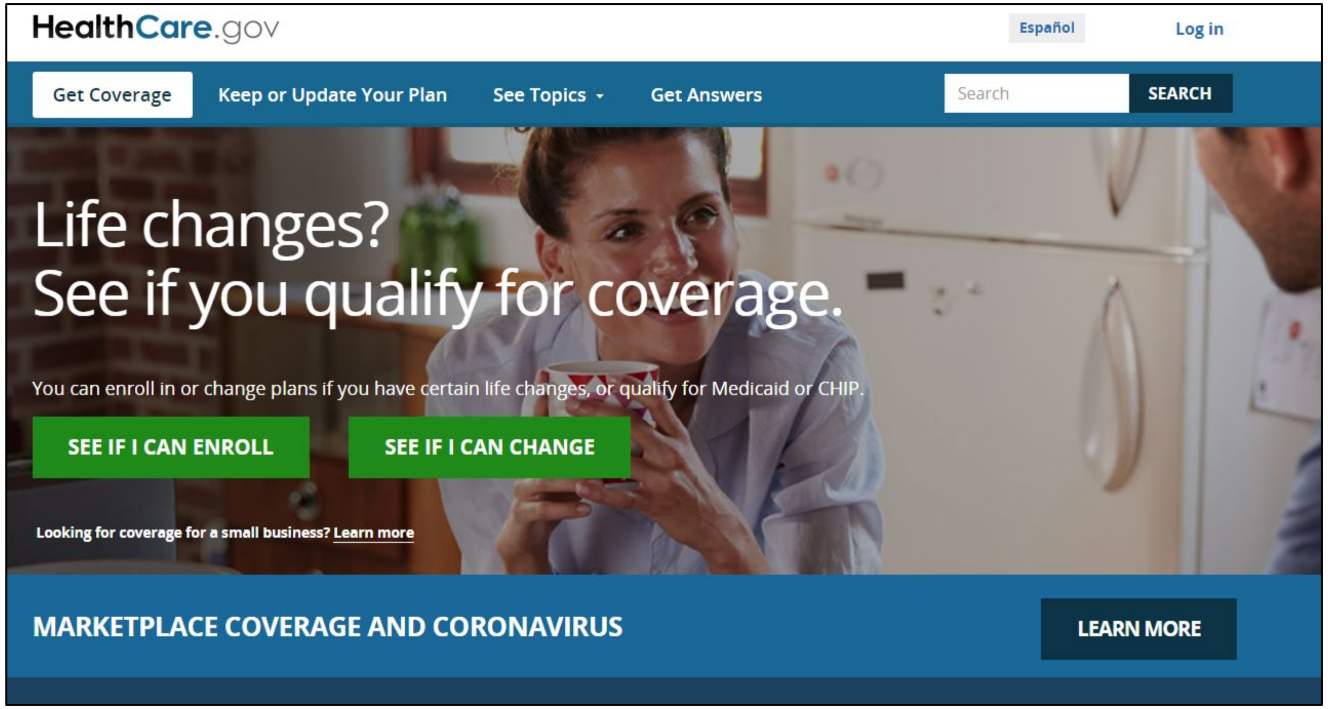
- If the payments received by the live-in care provider meet all of these criteria, they are not counted when determining eligibility for BadgerCare Plus.
- If the payments received by the live-in care provider do not meet all of these criteria, the payments must be treated like other countable earnings or self-employment income.

BC+ Handbook 16.2 #47.

Income Counting and the Marketplace

Marketplace: Complex Tax Situations

- Complex Scenarios
  - Married, not filing jointly
  - Qualifying Relative
  - Immigration Status Reminders
  - Repayment of APTCs
- Question and Answer



Marketplace: Complex Tax Situations

- In order to qualify for APTCs, married couples must indicate they are filing taxes jointly on the Healthcare.gov application.
- Three exceptions exist:
  - Head of Household – incorporated into Healthcare.gov
  - Domestic Abuse – requires workaround
  - Abandoned Spouse – requires workaround
- Head of Household exception

Marketplace: Complex Tax Situations

Head of Household

- A married person is considered unmarried and eligible to file as Head of Household if they can answer **Yes** to the following questions:
  - Will you file taxes separately from your spouse?
  - Will you live apart from your spouse from July 1 to Dec 31?
  - Will you pay more than half of the cost keeping up your home?
  - Is yours the main home of your child, stepchild, or foster child for more than half the year?
  - Are you eligible to claim the child as a dependent?
- A special rule allows the resident spouse of a nonresident (as defined for tax purposes) to qualify as considered unmarried if they have a qualifying person and meet the other tests.

Marketplace: Complex Tax Situations

Qualifying Relative

- Not a qualifying child
- Citizen/legal permanent resident
- Receives more than half financial support from tax filer
- Live together
- Earns less than $4,400

Can be counted as a dependent, despite not being related, not being married.

Marketplace: Complex Tax Situations

Immigration Status Reminders

- Remember, legal permanent residents are eligible to enroll in coverage through the Marketplace with APTCs, even if they have not yet resided in the U.S. for five years.
- Lawfully present immigrants who have incomes below 100% FPL not eligible for Medicaid can also get APTCs through the Marketplace.
- Refugees are not subject to the 5-year waiting period for Medicaid, even if they later change their status, to legal permanent resident, for example.

Marketplace: Complex Tax Situations

A common but important consideration when counting a consumer's income is what they will be liable for if they underestimate their income.

Repayment Caps

Repayment Limits on APTC (Tax Year 2023)

Income (% FPL)	SINGLE Taxpayers	OTHER Taxpayers
Under 200%	$350	$700
200% – 299%	$900	$1,800
300% – 399%	$1,500	$3,000
400% and above	None	None

Source: irs.gov/pub/irs-drop/rp-22-38.pdf

https://www.healthreformbeyondthebasics.org/wp-content/uploads/2023/08/REFERENCE_YearlyGuidelines_CY2024.pdf

And More!

Final Q&A

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