

9.3 ADULT GROUP

The Patient Protection and Affordable Care Act, enacted March 23, 2010, amended by the Health Care and Education Reconciliation Act of 2010, enacted March 30, 2010, are together referred to as the Affordable Care Act (ACA). The ACA established a new categorically mandatory coverage group known as the Adult Group. Effective January 1, 2014 Medicaid coverage will be provided to individuals age 19 or older and under age 65 who are not otherwise eligible for and enrolled in another categorically mandatory Medicaid coverage group, and are not entitled to or enrolled in Medicare Part A or B. Eligibility for this group will be determined using Modified Adjusted Gross Income (MAGI) methodologies established in Section 10.8.

A. THE ASSISTANCE GROUP (AG)

1. Who Must Be Included

- Adults age 19 or older and under age 65

2. Who Cannot Be Included

- Individuals eligible for other categorically mandatory coverage groups
 - SSI
 - Deemed SSI
 - Parents/Caretakers
 - Pregnant Women
 - Children Under Age 19
 - Former Foster Children
- Individuals entitled to or enrolled in Medicare Part A or B
- Parents or other caretaker relatives living with a dependent child under the age of 19, unless the child is also receiving benefits under Medicaid, CHIP, or other minimum essential coverage (MEC). See definition in Section 10.1.

NOTE: If a woman indicates at application or review that she is pregnant she is not eligible to be included in the Adult Group; she must be evaluated for the Pregnant Women coverage group.

Eligibility Determination Groups

B. THE MAGI HOUSEHOLD INCOME GROUP (IG)

The income group is determined using the MAGI methodology established in Section 10.8. The income group includes the MAGI household members whose income counts toward the household MAGI. When applying the MAGI methodology child means natural, adopted or step child; parent means natural, adopted or step parent; sibling means natural, adopted, half or step sibling.

INCOME OF EACH MEMBER OF THE INDIVIDUAL'S MAGI HOUSEHOLD IS COUNTED.

EXCEPTION: Income of children, or other tax dependents, who are not expected to be required to file an income tax return is not counted, whether or not the individual actually files a tax return.

NOTE: A reasonable determination as to whether an individual will be required to file a tax return can be made based on the individual's current income for the applicable budget period. Such a determination would be based on information available at the time of application or renewal. Information regarding "Who Must File" a tax return can be found in IRS Publication 501.

EXAMPLE: A child is 17 years old with a part-time job in the summer and earns \$2,100. He is expected to be claimed as a dependent on his parent's tax return. It is determined at application that the child is not expected to be required to file taxes the following year because his income does not exceed the filing requirements established by the IRS. Therefore, the child's income will not be included in the MAGI household nor count toward eligibility.

EXAMPLE: A child is 18 years old and works part-time through the summer and after school. He earns \$7,200 for the year. It is determined at application that he is expected to be claimed as a dependent on his parent's tax return, and will be required to file an income tax return, for the year for which Medicaid is being sought. Therefore, this child's income will be included to determine eligibility for any MAGI household for which he is a member.

EXAMPLE: Hope is 60 years old and lives with her 40-year-old daughter. Hope will be claimed as a tax dependent on her daughter's taxes next year. Hope receives \$960 Social Security (SS) income per month; she has no other income. Because Hope has no other income, her SS income is not taxable and she is not required to file taxes. As her daughter's tax dependent, her income does not count toward her daughter's MAGI household. Hope is also applying for health coverage. Her MAGI household will include only herself using non-filer rules in STEP 3 below. Because Hope is neither a child nor a tax dependent in her own MAGI household, her income will count toward determining her MAGI eligibility.

C. THE MAGI HOUSEHOLD NEEDS GROUP (NG)

The needs group is the number of individuals included in the MAGI household size based upon the MAGI rules for counting household members. The NG is determined using the MAGI methodology established in Section 10.8. When applying the MAGI methodology child means natural, adopted or step child; parent means natural, adopted or step parent; sibling means natural, adopted, half or step sibling.

To determine the MAGI household size the following step-by-step methodology is used for each applicant. This methodology must be applied to each applicant in the household separately:

STEP 1: IS THE APPLICANT A TAX FILER?

IF NO: Move to **STEP 2.**

IF YES: The applicant's MAGI household includes themselves, each individual they expect to claim as a tax dependent, and their spouse if residing with the tax filer. This is known as the tax filer rule.

STEP 2: IS THE APPLICANT CLAIMED AS A TAX DEPENDENT ON SOMEONE ELSE'S TAXES?

IF NO: Move to **STEP 3.**

IF YES: Test against the three exceptions below. If the answer to any of these exceptions is 'yes', then the applicant's MAGI household size must be calculated using **STEP 3.**

1. The applicant is claimed as a dependent by someone other than a spouse or parent.
2. The applicant is a child under 19 who lives with both parents, but both parents do not expect to file taxes jointly.
3. The applicant is a child under 19 who is claimed as a tax dependent to a non-custodial parent(s).

NOTE: For the purpose of this exception, the custodial parent is established based on physical custody specified in a court order or binding separation, divorce, or custody agreement; or, if there is no such order or agreement, or in the event of a shared custody agreement, based on with whom the child spends more nights. If such an agreement is unavailable, the custodial parent is the one with whom the applicant spends most nights.

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If none of these exceptions are true then the applicant's MAGI household consists of the applicant, the tax filer claiming them as a dependent, any other dependents in the tax filer's household, and the applicant's spouse if they reside together. This is known as the tax dependent rule.

STEP 3: IF THE APPLICANT IS NOT A TAX FILER, IS NOT CLAIMED AS A TAX DEPENDENT OR MEETS ONE OF THE EXCEPTIONS IN **STEP 2:**

The MAGI household consists of the applicant and the following individuals as long as they reside with the applicant:

1. The applicant's spouse;
2. The applicant's children under age 19;
3. For applicants under 19, their parents, and their siblings who are also under 19.

This is known as the nonfiler rule.

STEP 4: CASES WHERE APPLICANT CANNOT REASONABLY ESTABLISH TAX DEPENDENT STATUS

If an applicant/tax filer cannot reasonably establish that reported household members will be tax dependents of the applicant for the tax year in which Medicaid is sought, the inclusion of such individual in the Medicaid household of the tax filer is determined using rules in **STEP 3.**

EXAMPLE: An applicant indicates she is currently separated and seeking a divorce. The living arrangements of the children are to be determined by family court. She is uncertain if the children will remain in her household for the tax year, or whether she will be able to claim them as tax dependents on next year's tax return. Because the tax dependency status of the children cannot be reasonably established on the date of application inclusion of the children in the applicant's MAGI household is determined using **STEP 3.**

NOTE: In the case of married couples who reside together, each spouse must be included in the MAGI household of the other spouse, regardless of whether they expect to file a joint tax return or whether one spouse expects to be claimed as a tax dependent by the other spouse.

EXAMPLES:

- 1. John and Samantha are married with 2 children, James, 7 and Ruth, 5. John and Samantha file taxes jointly and claim both children as dependents.**

John is a tax filer. Using STEP 1 above his household includes himself, each of his tax dependents and his spouse – John, Samantha, James and Ruth = 4.

Samantha is a joint tax filer. Using STEP 1 above, her household includes herself, each of her tax dependents and her spouse – John, Samantha, James and Ruth = 4.

James is a tax dependent. Using STEP 2 he does not meet any of the exceptions. James' household includes himself, the tax filers and other tax dependents – John, Samantha, James and Ruth = 4.

Ruth is a tax dependent. Using STEP 2, she does not meet any of the exceptions; therefore, her household includes herself, her tax filers and other tax dependents in the household – John, Samantha, James and Ruth = 4.

- 2. Bob and Mary are not married but have one child together, Julie, 9 months. Bob is a tax filer and claims Julie as his dependent. Mary is also a tax filer.**

Bob is a tax filer. Using STEP 1 above his household includes himself and his tax dependent Julie – Bob and Julie = 2.

Mary is a tax filer. Using STEP 1 her household includes herself only – Mary = 1.

Julie is a tax dependent. Using STEP 2 Julie meets exception number 2; therefore her household is determined using STEP 3. Julie's household includes herself and her parents – Julie, Bob and Mary = 3.

- 3. Frank is a tax filer and claims his 10-year-old son Pete as a tax dependent. Frank is the non-custodial parent as Pete lives with his mother.**

Frank is a tax filer. Using STEP 1 his household includes himself and his tax dependent Pete – Frank and Pete = 2.

Pete is a tax dependent. Using STEP 2 he meets exception 3; therefore his household is determined using STEP 3. Pete's household includes himself and the parent and any siblings with whom he resides. Pete's Medicaid household cannot be determined based on an application submitted by Frank. The parent with whom Pete resides must submit an application on his behalf.

4. **Susan is a tax filer who lives with her 10 year old son Pete. Pete is claimed as a tax dependent by Frank from the example above, his non-custodial parent.**

Susan is a tax filer. Using STEP 1 her household includes herself only – Susan = 1.

Pete is a tax dependent. Using STEP 2 he meets exception 3; therefore, his household includes himself and his custodial parent Susan – Pete and Susan = 2.

5. **Tammy is a tax filer and claims her daughter Rose, 16 and her mother Edith, 76 as tax dependents. Neither Rose nor Edith is a tax filer.**

Tammy is a tax filer. Using STEP 1 her household includes herself and her tax dependents Rose and Edith – Tammy, Rose and Edith = 3.

Rose is a tax dependent. Using STEP 2 she does not meet any exceptions; therefore her household includes herself, Tammy, the tax filer claiming her, and Edith the other tax dependent – Rose, Tammy and Edith = 3.

Edith is a tax dependent. Using STEP 2 she meets exception 1; therefore her household is determined using STEP 3. Edith's household includes herself = 1.

6. **Mary is a tax filer and claims her daughter Corynn, 20 and Corynn's daughter Nicole, 1 as tax dependents. Neither Corynn nor Nicole is a tax filer.**

Mary is a tax filer. Using STEP 1 her household includes herself and her tax dependents Corynn and Nicole – Mary and Corynn and Nicole = 3.

Corynn is a tax dependent. Using STEP 2 she does not meet any exceptions; therefore her household includes herself, Mary, the tax filer claiming her, and Nicole, the other tax dependent – Corynn and Mary and Nicole = 3.

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Nicole is a tax dependent. Using STEP 2 she meets exception 1; therefore her household is determined using STEP 3. Nicole's household includes herself and her mother Corynn – Nicole and Corynn = 2.

7. Alice is a tax filer and claims her 12 year old grandson Michael as a tax dependent.

Alice is a tax filer. Using STEP 1 her household includes herself and her tax dependent Michael – Alice and Michael = 2.

Michael is a tax dependent. Using STEP 2 he meets exception 1; therefore his household is determined using STEP 3. Michaels household includes only himself = 1.

8. Brad and Sarah are married and file taxes jointly. Sarah is pregnant.

Brad is a tax filer. Using STEP 1 his household includes himself and his spouse – Brad and Sarah = 2.

Sarah is a tax filer. Using STEP 1 her household includes herself and her spouse Brad, because Sarah is pregnant her Medicaid household also includes the unborn child – Brad and Sarah and unborn child = 3.