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2016

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Where Eligibility Starts: Modified  
Adjusted Gross Income (MAGI)

# Where Eligibility Starts: Modified Adjusted Gross Income (MAGI)

Monday, Sept. 26, 2016

2:30 to 3:30 p.m.



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# Before we get started...

- Recording will be sent next week
- Send questions via chat
- Do not use the “Raise Hand” function
- Technical difficulties? Call **ReadyTalk**: 1-800-843-9166



# Presenters

- **Becky McKinney**, Colorado Department of Health Care Policy and Financing
- **Ian McMahon**, Connect for Health Colorado



# Session Goal

- ▷ Participants will understand the basics of Modified Adjusted Gross Income (MAGI) methodology used to determine eligibility for Health First Colorado (Colorado's Medicaid Program, Child Health Plan *Plus* (CHP+) and Connect for Health Colorado

# What is MAGI?

- ▷ MAGI stands for **M**odified **A**ddjusted **G**ross **I**ncome
- ▷ MAGI is a methodology is used to determine eligibility based on household composition and income
- ▷ It is used to determine eligibility for:
  - Health First Colorado
  - CHP+
  - Advanced Premium Tax Credits (APTCs)
  - Cost Sharing Reductions (CSRs)

# Household Composition

# Household Composition

- ▷ The number and configuration of individuals living together based on their relationships to each other

## MAGI Household Composition:

- Tax relationships
- Legal relationships
- Biological relationships





# Relationships

6a <input type="checkbox"/> Yourself. If someone can claim you as a dependent, do not check box 6a.				
b <input type="checkbox"/> Spouse				
c Dependents:		(2) Dependent's social security number	(3) Dependent's relationship to you	(4) <input type="checkbox"/> If child under age 17 qualifying for child tax credit (see instructions)
(1) First name	Last name			<input type="checkbox"/>
				<input type="checkbox"/>
				<input type="checkbox"/>
				<input type="checkbox"/>
d Total number of exemptions claimed				

- ▷ Tax Relationship:
- Individuals who are, or intend to be, on a tax return together
  - The individual may or may not have a biological or legal relationship



- ▷ Biological/Legal Relationship:
- Biological (e.g. full or half siblings)
  - Legal (e.g. spouse, step-parent, adoptive child)

# Monthly Budget Unit (MBU)

- ▷ Determined at an individual level
- ▷ Each person in a household may have a different household size
- ▷ Based on relationships to the individuals in the household

**To determine eligibility, each person's MBU will include everyone whose income counts towards them**

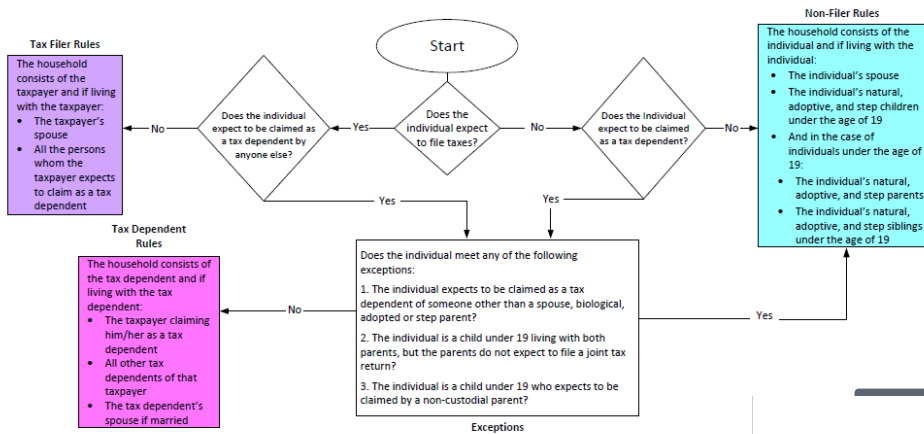
# Individuals who will Always be in Your Household



- ▷ Self
- ▷ Spouse
  - Mandatory for Health First Colorado/CHP+, APTCs and CSRs
- ▷ Unborn Children
  - Any MBU that includes the pregnant woman will also include her unborn child(ren)
  - Mandatory for Health First Colorado/CHP+
  - Excluded until born for APTCs/CSRs

# MAGI MBU Flowcharts

MAGI MBU Flowchart

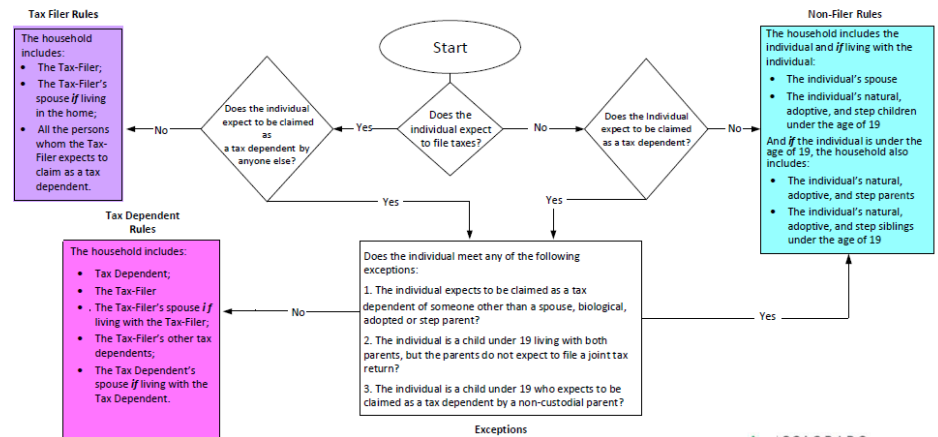


Legend

- Tax Filer Rules/household composition
- Non-Filer Rules/or tax dependent who meets one of the exceptions/household composition
- Tax Filer (Tax Dependent) Rules/Household Composition

Version 1  
Release Date: June 2014

MAGI MBU Flowchart



Legend

- Tax Filer Rules/household composition
- Non-Filer Rules/or tax dependent who meets one of the exceptions/household composition
- Tax Filer (Tax Dependent) Rules/Household Composition



January 2016 V3

# Definitions

## Tax-Filer

An individual, head of household or married couple who expects to file a tax return

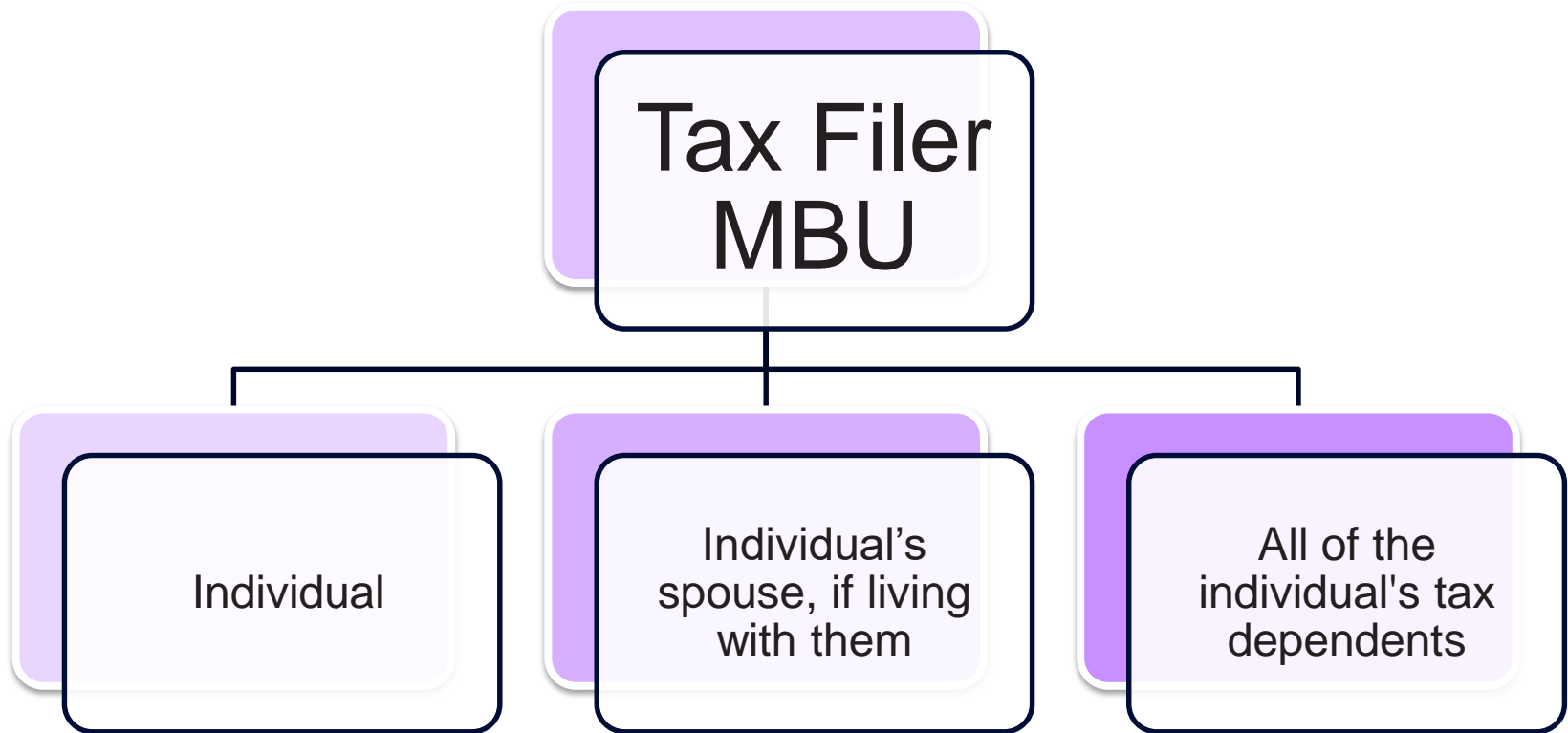
## Tax-Dependent

Anyone expected to be claimed as a dependent by a tax filer

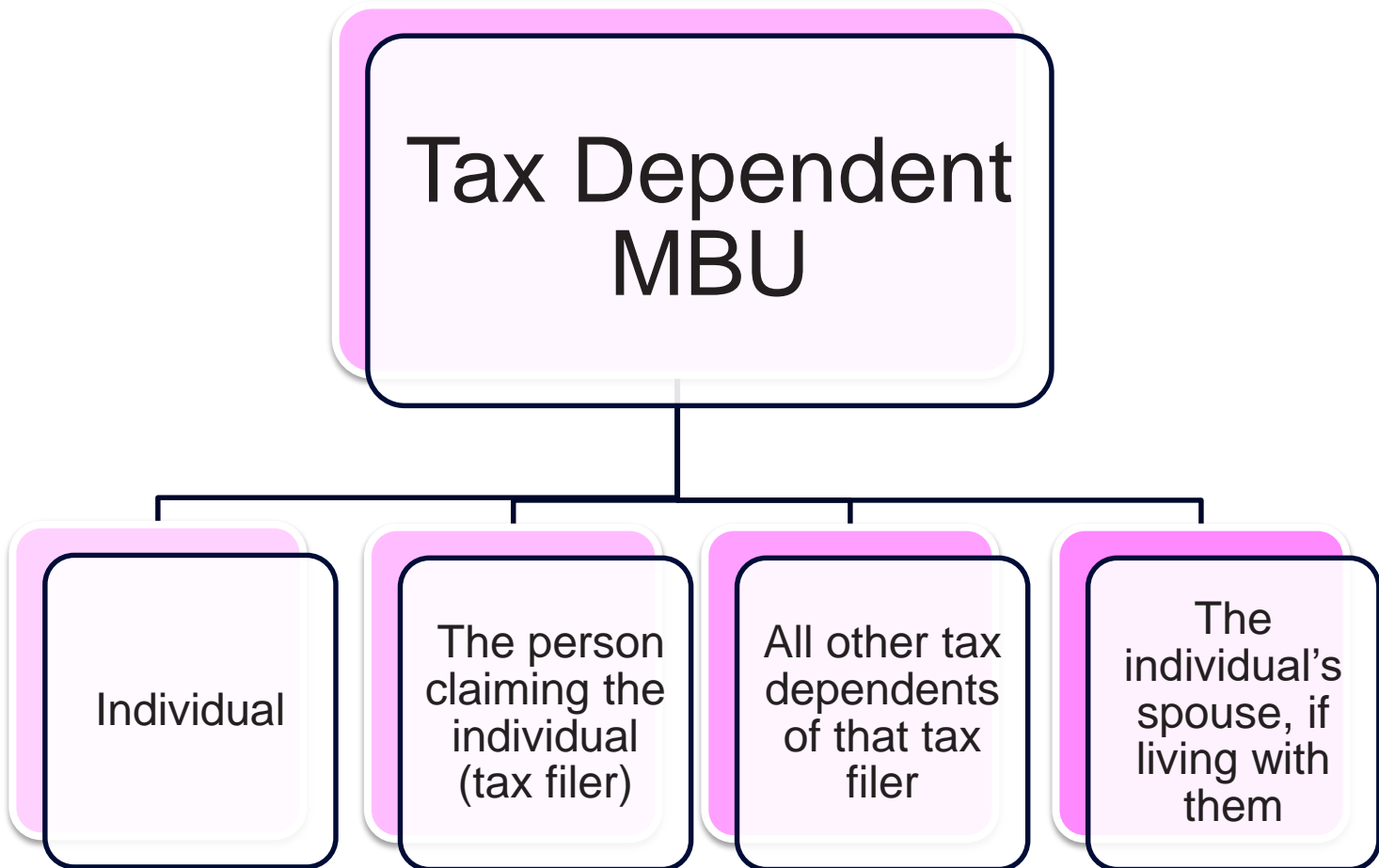
## Non-Filer

An individual who neither files a tax return nor is claimed as a tax dependent

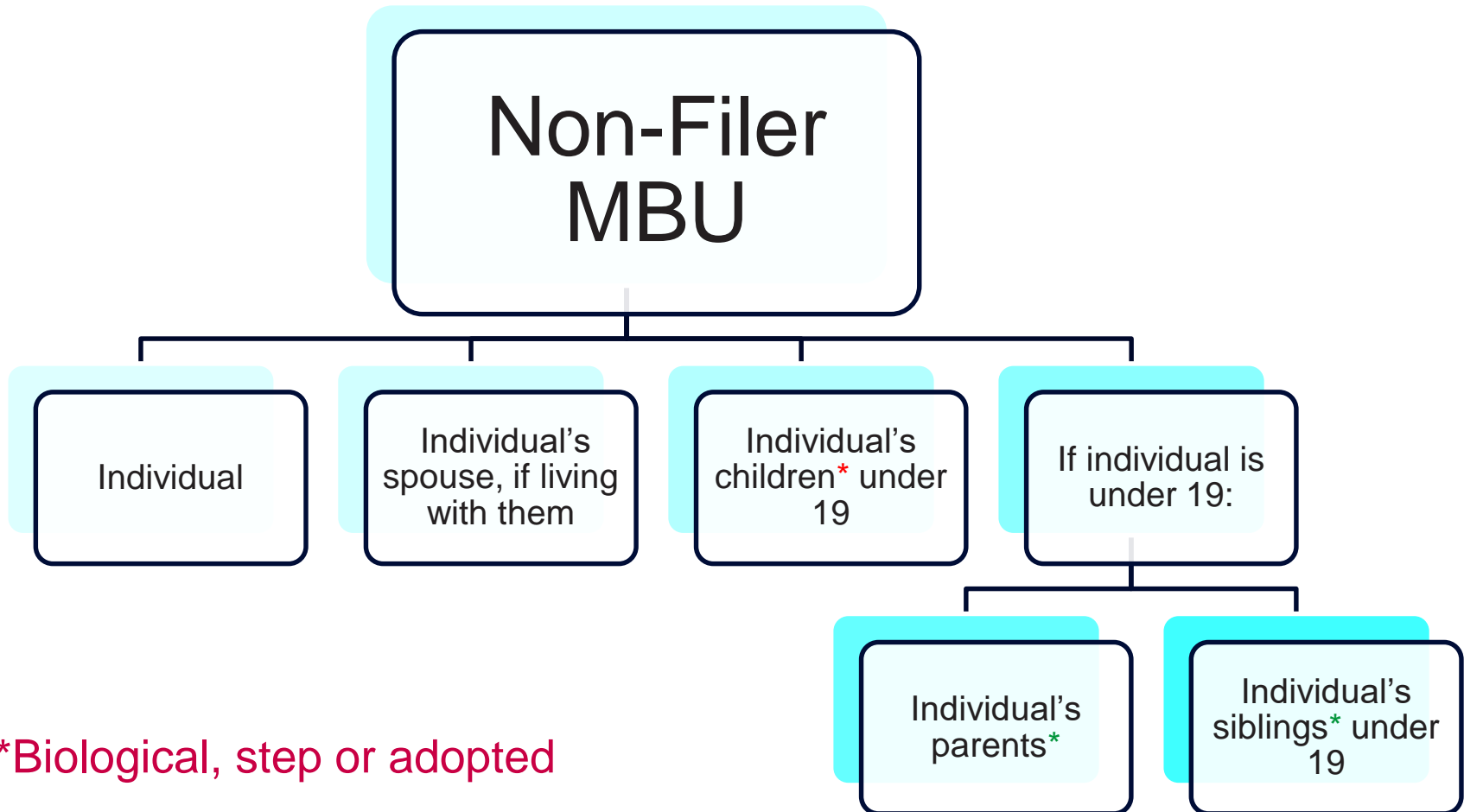
# Tax Filer Rules



# Tax Dependent Rules



# Non-Filer Rules



\*Biological, step or adopted



# Tax Dependent Exceptions for Health First Colorado/CHP+

**1**

Expects to be claimed as a tax dependent of somebody other than a spouse or parent

**2**

Is a child under 19 who lives with both parents and expects to be claimed as a tax dependent by one of the parents, but the parents do not expect to file a joint tax return

**3**

Is a child under 19 who expects to be claimed by a non-custodial parent

# Household Income

# MAGI: Income

- ▷ MAGI is a methodology used to determine eligibility for MAGI-based programs (including tax credits and cost sharing reductions for purchasing Qualified Health Plans)
- ▷ MAGI is a reference to a particular number but it is also used in reference to income methodologies used for determining eligibility
- ▷ MAGI is not a number on a tax return



# MBU and Income Limits

▶ Both MAGI Medical Assistance and CHP+ have Monthly Maximum Income Guidelines

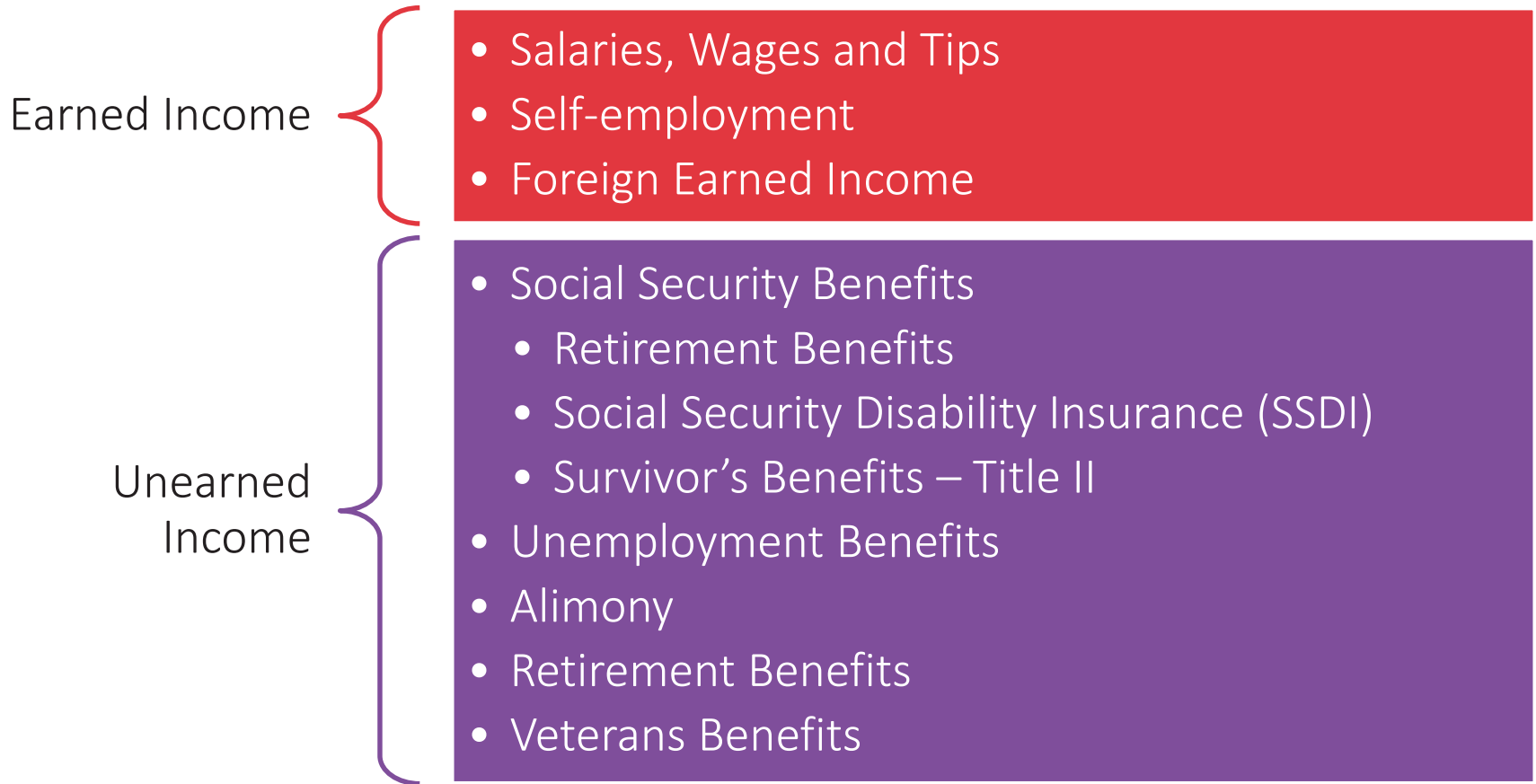
- The income guidelines are based on the Federal Poverty Level (FPL) for each category of assistance

**COLORADO** Department of Health Care Policy & Financing  
**CONNECT HEALTH**  
 Health Insurance Assistance Programs

Federal Poverty Level (FPL) Family Size	MAGI				Percent of FPL						Change for the Assistance Category Reference Period(2022)		
	A (100%)	B (125%)	C (150%)	D (175%)	100-125%	125-150%	150-175%	175-200%	200-225%	225-250%	250-300%	300-400%	
1	1,048	1,310	1,562	1,824	1,824	2,280	2,736	3,192	3,648	4,104	4,560	5,016	5,472
2	1,431	1,789	2,146	2,504	2,504	3,130	3,756	4,382	5,008	5,634	6,260	6,886	7,512
3	1,814	2,271	2,728	3,185	3,185	3,938	4,691	5,444	6,197	6,950	7,703	8,456	9,209
4	2,197	2,764	3,331	3,898	3,898	4,809	5,719	6,630	7,541	8,451	9,362	10,273	11,183
5	2,580	3,252	3,924	4,596	4,596	5,655	6,714	7,773	8,832	9,891	10,950	12,009	13,068
6	2,963	3,739	4,515	5,291	5,291	6,448	7,705	8,962	10,219	11,476	12,733	13,990	15,247
7	3,346	4,218	5,090	5,962	5,962	7,217	8,572	9,927	11,282	12,637	13,992	15,347	16,702

For more information, visit [www.colorado.gov/healthpolicy](http://www.colorado.gov/healthpolicy) or [ConnectHealth@colorado.gov](mailto:ConnectHealth@colorado.gov)  
 Effective August 1, 2020

# Countable Income



# Exempt Income

Child Support

Supplemental  
Security Income  
(SSI) Title XVI

Certain American  
Indian or Alaskan  
Native Payments

Education  
Scholarships/Grants

- Unless used for living expenses

Foster Care  
Payments

Earned Income Tax  
Credit (EIC)

# Exempt Income

- ▷ Annual income less than the minimum required for tax-filing
  - If an individual's total countable income is less than the minimum, that individual's income is considered exempt for MAGI income calculation



# Exempt Income

- ▷ Annual Income minimum r
- If an individual is less than individual' exempt fo

**All income should be entered into CBMS. CBMS will determine if the income should be counted or excluded.**





# Connect for Health Colorado

- ▷ Connect for Health Colorado calculates the MAGI differently, which may result in different income calculations



# Differences in MAGI

Health First Colorado/CHP+	APTCs/CSRs
Do not have to file taxes	Must file taxes
Can be married and file separately	Must file jointly if married
Unborn child counted in household	Children only counted in household after born
Three tax dependent exceptions	No tax dependent exceptions
Income period is current monthly	Income period is projected annual
Lump sum payments counted in month received	Lump sum payments factored into annual income
Does not count: Scholarships, awards or fellowship grants, and certain distributions to American Indians/Alaska Natives	Does count: Taxable amounts for scholarships, awards or fellowship grants, and certain distributions to American Indians/Alaska Natives

# Seasonal Workers/Fluctuating Income

- ▷ New application will ask for monthly and annual income
- ▷ Connect for Health Colorado tax credit determination will be based off of annual income
- ▷ Medical Assistance is still based off of monthly income until further notice

# Annualized Income for Health First Colorado and CHP+

- ▷ For more information on the implementation of Annualized Income and how it may affect individuals with Fluctuating income, view the “Annualized Income” webinar
- ▷ <https://cohcpf.adobeconnect.com/p37yqmuji bj/?launcher=false&fcsContent=true&pbMode=normal>

# Self-Attestation

- ▷ **Self-attestation of income is acceptable for MAGI-based programs (including tax credits and cost sharing reductions for purchasing Qualified Health Plans)**
  - Individuals who provide self-attestation of income must also provide a Social Security number for electronic wage verification purposes



# Earned Income

- ▷ Earned income is verified through the following interfaces:
  - Colorado Department of Labor and Employment (CDLE)
  - Income and Eligibility Verification System (IEVS)



# Income Verification

If an applicant is unable to provide verification using self-attestation, income can be verified by the following:

- Wage stubs
- Written documentation from the employer
- Telephone call to an employer



Creating an MBU



# Scenario 1

Tanya, Greg and their daughter, Nina, live together. Tanya and Greg are married. They file taxes jointly and claim Nina.

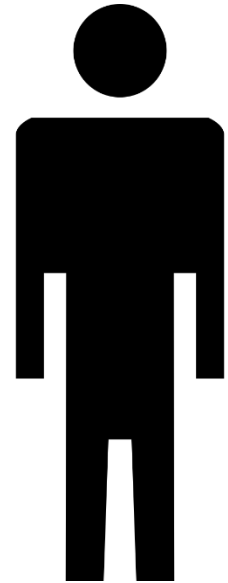
Tanya



Nina



Greg



# Scenario 1

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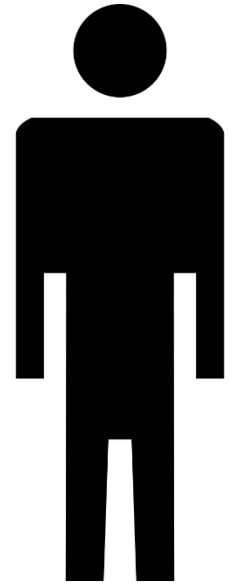
Tanya



Nina



Greg



3

# Scenario 1

Tanya, Greg and their daughter, Nina, live together. Tanya and Greg are married. They file taxes jointly and claim Nina.

Tanya

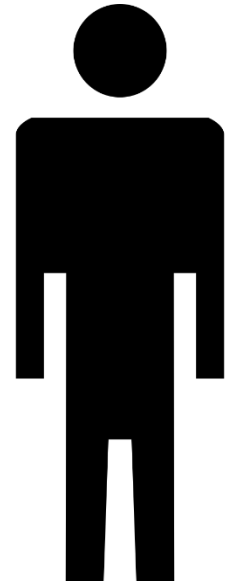


3

Nina



Greg



3

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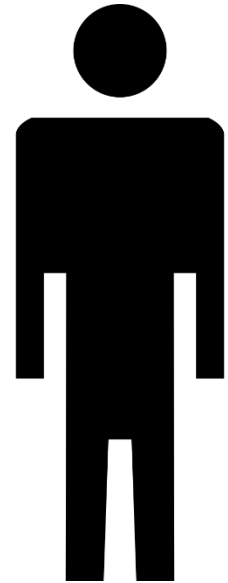
3

Nina



3

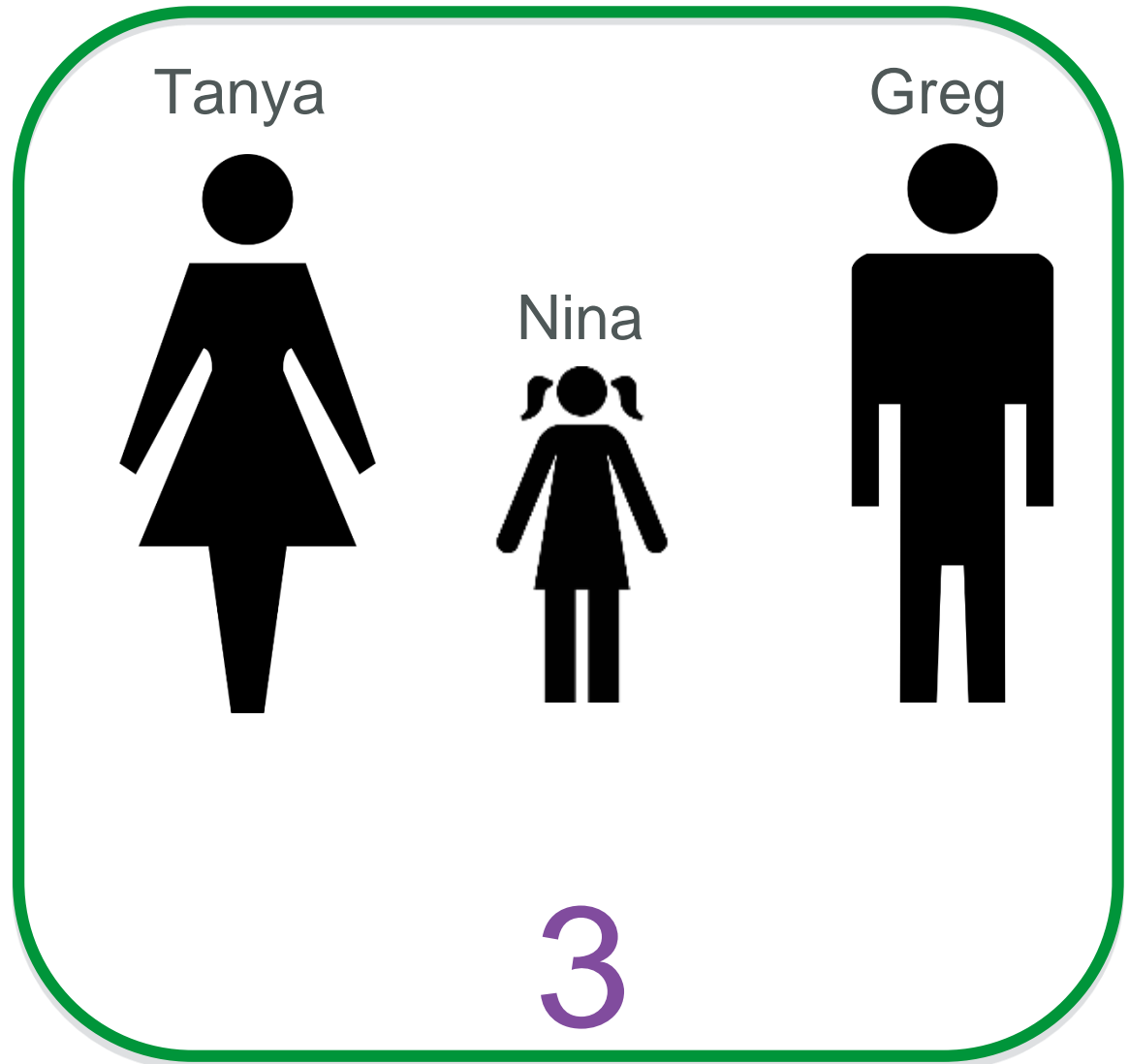
Greg



3

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**APTC/CSR**

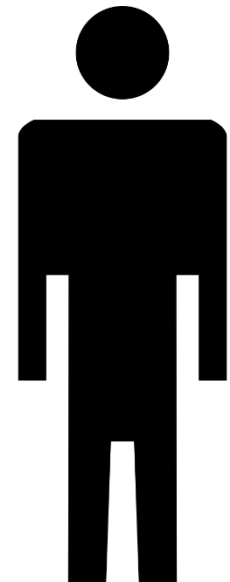
## Scenario 2

Kendra, James and their daughter, Kiki, live together. Kendra and James are **not** married. They file their taxes separately, and James claims Kiki as a tax dependent.

Kendra



James



Kiki



## Scenario 2

Kendra, James and their daughter, Kiki, live together. Kendra and James are **not** married. They file their taxes separately, and James claims Kiki as a tax dependent.

Kendra



James



Kiki



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Kendra, James and their daughter, Kiki, live together. Kendra and James are **not** married. They file their taxes separately, and James claims Kiki as a tax dependent.

Kendra



1

James



2

Kiki





## Scenario 2

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Kendra



1

Kiki



3

James

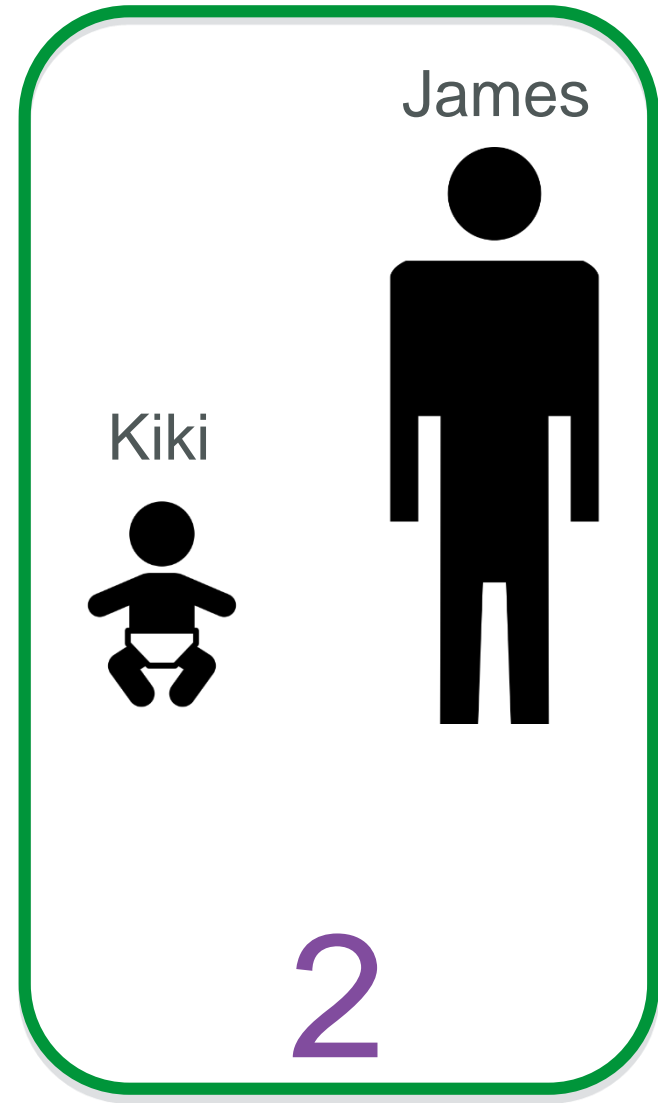
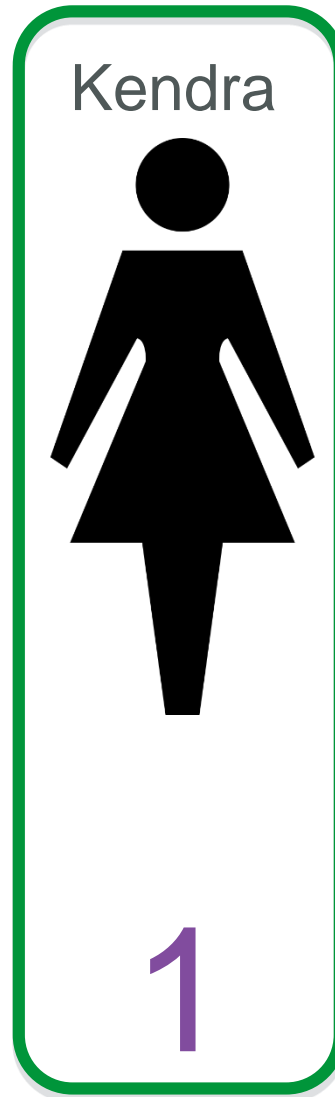


2

## Scenario 2

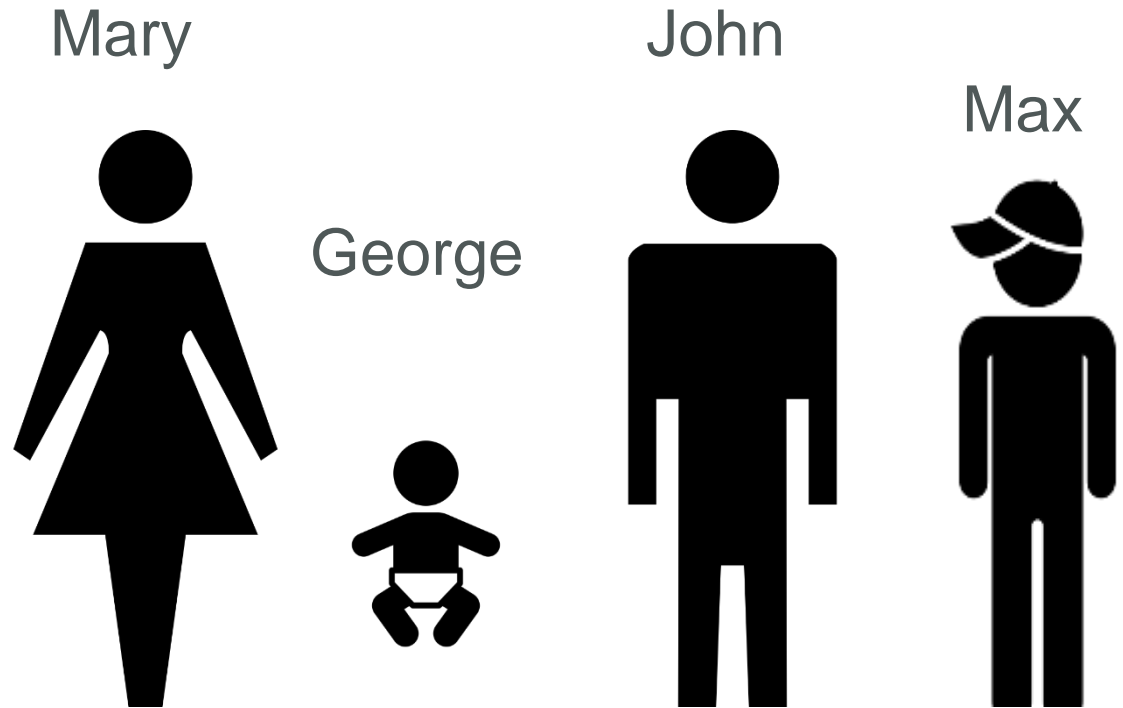
Kendra, James and their daughter, Kiki, live together. Kendra and James are **not** married. They file their taxes separately, and James claims Kiki as a tax dependent.

**APTC/CSR**



# Scenario 3

Mary, John and their son, George, live together. Mary and John are not married. John's 20-year-old brother, Max, lives with them. **Nobody files taxes.**



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Mary



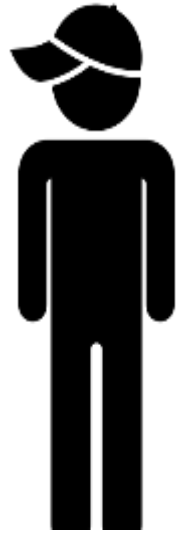
George



John



Max



2

# Scenario 3

Mary, John and their son, George, live together. Mary and John are not married. John's 20-year-old brother, Max, lives with them. **Nobody files taxes.**

Mary



2

George



John



2

Max



# Scenario 3

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Mary



2

George



3

John



2

Max



# Scenario 3

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Mary



2

George



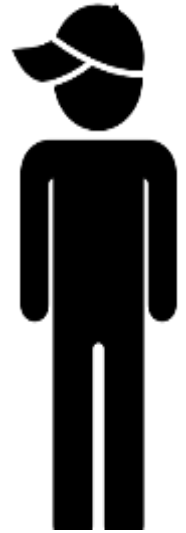
3

John



2

Max



1

# More Information

- ▷ In-depth sessions at Building Better Health conference:
  - Household Composition Related to Financial Assistance Programs
  - Income Deep Dive
  
- ▷ Reasonable Compatibility Tip Sheet
  - <https://www.colorado.gov/pacific/sites/default/files/What%20is%20Reasonable%20Compatibility.pdf>



# Questions?



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# Next Pre-Webinar

- Communications 101: Building Communications into Your Outreach
  - Monday, Oct. 3; 2:30 – 3:30 pm
  - <http://www.coloradohealth.org/buildingbetterhealth/>



**Thank you**



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# Attributions

- Photograph of an original color mural painted in oils by artist [Charles R. Knight](#) depicting a Neanderthal family during the Ice Age. Don Glut's Dinosaurs. Knight Neanderthals
- <http://www.donglutsdinosaurs.com/knight-neanderthals/>
- Paintbrush icon: Created by john melven from the Noun Project
- Scenarios girl icon: Created by Andrew McKinley from the Noun Project
- Scenario baby icon created by Saeed Farrahi from the Noun Project
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