Agenda

- Review: Household Composition
- Review: Reporting Household Income
- Frequently encountered issues
  - Non-taxable and SSI income
  - Negative Income
  - Mixed households
  - Changes in income/hard to predict situations
Review

- Household Composition
  - Household size for APTCs
  - Household size for MinnesotaCare
  - Household size for Medical Assistance
- Reporting Household Income
Household Composition: Knowing who to include on an application
Why is household composition important?

- Household is the term that applies to people who are considered a unit for purposes of determining eligibility – it may or may not include people who live together.
  - It is the income(s) of the people in the household that count toward eligibility
  - For this reason, household size is necessary to determine the Federal Poverty Level (FPL)
Who to include on the application

- Every person who is a member of an applicant’s household must be included on the application
  - Even if that person is not applying for coverage
  - Even if that person is included in another household on another application, in the case of children and dependents
Household is linked with tax filing unit

- Advance Premium Tax Credits (APTC) rules require that the recipient be part of a household that intends to file taxes for the year in which they have tax credits applied to reduce their premium in order to qualify for APTC.
- MinnesotaCare rules do NOT require recipient be part of a tax filing unit.
- Medical Assistance (MA) rules do NOT require recipient to be part of a tax filing unit.
Key differences for MA households

- Tax filing status is used as the basis for determining a household; however, there are key differences:
  - Applicants are not required to file taxes
  - Married couples who live together are in the same household regardless of whether they file taxes and regardless of whether they file jointly
  - Pregnant women’s households include their unborn children
Summary of household composition rules: APTCs

- APTCs:
  - Household = Taxpayer + Spouse (filing jointly) + Tax Dependents
    - Member of the household must intend to file taxes
    - Married couple must file a joint tax return, unless an exception for domestic abuse or head of household applies.
  - Tax filer, spouse and dependents are a HH even if don’t live together. Example: dependent child might live separately from tax filer and spouse.
Summary of household composition rules: MinnesotaCare

- MinnesotaCare Tax Filers, non-dependents:
  - All of the people expected to be on the taxpayer’s federal income tax return including: tax filer, joint tax filer, tax dependents, and the taxpayer’s spouse, if living with the taxpayer and not filing jointly

- MinnesotaCare Tax Dependents:
  - The tax dependent, the tax filer, the joint tax filer, all other tax dependents, the taxpayer’s spouse, if living with the taxpayer and not filing jointly, and if the tax dependent is married, the spouse, if they live together

- Minnesota Care Non-filers, non-dependents:
  - The person, the person’s spouse, the person’s biological, natural, adopted and step children younger than age 19
  - If the person is under age 19, the following are also included: Biological, natural, adopted and step parents; Biological, natural, adopted and step siblings, under age 19
MinnesotaCare household size determination flow chart

**MinnesotaCare Household Composition & Family Size**

- Household composition depends on the individual. Answer these questions for each person in a family, as each person in the family may have a different household composition.

1. **Does the person expect to file a federal income tax return for the taxable year?**
   - Yes
   - Does the person expect to be claimed as a tax dependent by another taxpayer for the taxable year?
     - Yes
     - Household composition consists of all the following:
       - the person
       - the taxpayer(s) who expect to claim the person
       - all other people the taxpayer(s) expect to claim as tax dependents
     - Family size = Total number of people counted in household composition.
   - No
   - Household composition consists of all the following:
     - the person
     - the person’s spouse, if living with the person
     - the person’s children (biological and adopted children and stepchildren) under the age of 19 who live with the person
     - For a person who is a child under the age of 19, household composition will also include the following:
       - the person’s parents and stepparents if living with the person
       - the person’s siblings and stepsiblings under the age of 19 who live with the person
     - Family size = Total number of people counted in household composition.
     - Note: A person is considered to be 18 years of age through the month of his or her 19th birthday; the person reaches the age of 19 beginning the month after his or her 19th birthday.
   - No

2. **Does the person expect to be claimed as a tax dependent by another taxpayer for the taxable year?**
   - Yes
   - Household composition consists of all the following:
     - the taxpayer(s)
     - all people the taxpayer(s) expect to claim as tax dependents
   - No

3. **Is the person married and living with the spouse?**
   - Yes
   - Add the spouse to the household composition (if not counted already).
   - No

**Source:** [DHS Bulletin #15-21-03: Changes to MinnesotaCare Household Composition Rules](https://www.mnsure.org/hhs/dhs/dhs-bulletin-changes-to-minnesotacare-household-composition-rules)
Summary of household composition rules: Medical Assistance

- Medical Assistance Tax Filers:
  - Household = Taxpayer + Spouse (if living together) + Dependents

- Medical Assistance Tax Dependents:
  - Household = Household of tax filer claiming the dependent
  
  However, watch for the exceptions:
  - Dependents who are not the child or spouse of the tax filer
  - Children who live with unmarried parents
  - Children who are claimed as a dependent by the noncustodial parent
Summary of household composition rules: Medical Assistance

- Medical Assistance for Non-Filers, Non-Dependents
  - Household for adults = Individual + Spouse (if living with individual) + Children (if living with individual)
  - Household for children (under 19) = Child + Parents (if living with child) + Siblings (if living with child)

- Medical Assistance for non-MAGI Seniors
  - Household = Individual + Spouse (if living with individual) + Children under age 21 (if living with individual)

- Medical Assistance for non-MAGI Blind or Disabled
  - Household for adults = Individual + Spouse (if living with individual) + Children under age 21 (if living with individual)
  - Household for children under age 18 = Child + Parents (if living with child) + Siblings (if living with child)
Reporting Household Income: Knowing what income counts
What is Modified Adjusted Gross Income (MAGI)?

- MAGI is the income calculation method that is based on tax rules
- Used to determine eligibility for APTC, MinnesotaCare and MA
  - *Exception:* MA for seniors and the blind and disabled follows the different income calculation rules
- 5% income disregard replaces all previous income disregards
What is Adjusted Gross Income (AGI)?

- AGI can be found on a person’s prior year tax filing if that amount continues to represent the person’s income.
- Can also be determined by looking at their current gross income and then subtracting expenses that are allowable tax deductions. Allowable deductions include:
  - Pre-tax contributions to retirement or cafeteria plan benefits
  - Self-employment expenses
  - Tuition and fees deduction
How MAGI income is calculated

Adjusted Gross Income (AGI, as defined by IRS)
+ Excluded foreign income
+ Tax exempt interest
+ Non-taxable Social Security benefits
= MAGI
### Differences in income sources: MAGI and non-MAGI MA rules

<table>
<thead>
<tr>
<th>Income Source</th>
<th>Non-MAGI MA Rules</th>
<th>MAGI MA Rules</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self-employment income</td>
<td>Counted with deductions for some, but not all, business expenses</td>
<td>Counted with deductions for most expenses, depreciation, and business losses</td>
</tr>
<tr>
<td>Salary deferrals (flexible spending, cafeteria and 401(k) plans)</td>
<td>Counted</td>
<td>Not counted</td>
</tr>
<tr>
<td>Child support received</td>
<td>Counted</td>
<td>Not counted</td>
</tr>
<tr>
<td>Alimony paid</td>
<td>Not deducted from income</td>
<td>Deducted from income</td>
</tr>
<tr>
<td>Veterans’ benefits</td>
<td>Counted</td>
<td>Not counted</td>
</tr>
<tr>
<td>Workers Compensation</td>
<td>Counted</td>
<td>Not counted</td>
</tr>
<tr>
<td>Gifts &amp; inheritances</td>
<td>Counted</td>
<td>Not counted</td>
</tr>
<tr>
<td>MFIP &amp; SSI</td>
<td>Counted</td>
<td>Not counted</td>
</tr>
</tbody>
</table>
## Income eligibility guidelines

**Current Eligibility Guidelines** (through 06/30/2017)
**New Eligibility Guidelines** updates for MA only (starting 07/01/2017)

<table>
<thead>
<tr>
<th>People in household</th>
<th>Medical Assistance for adults over age 18 Monthly/annual income (up to)</th>
<th>Medical Assistance for children Monthly/annual income* (up to)</th>
<th>Medical Assistance for pregnant women Monthly/annual income (up to)</th>
<th>MinnesotaCare Annual income** (up to)</th>
<th>Tax credits for private health plans Annual income** (up to)</th>
<th>Private health plans. Not eligible for tax credits. Annual income (above)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$1,316 / $15,800</td>
<td>$2,722 / $32,670</td>
<td>does not apply</td>
<td>$23,760</td>
<td>$47,520</td>
<td>$47,520</td>
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<tr>
<td>2</td>
<td>$1,777 / $21,333</td>
<td>$3,675 / $44,110</td>
<td>$3,715 / $44,591</td>
<td>$32,040</td>
<td>$64,080</td>
<td>$64,080</td>
</tr>
<tr>
<td>3</td>
<td>$2,238 / $26,866</td>
<td>$4,629 / $55,550</td>
<td>$4,679 / $56,156</td>
<td>$40,320</td>
<td>$80,640</td>
<td>$80,640</td>
</tr>
<tr>
<td>4</td>
<td>$2,699 / $32,398</td>
<td>$5,582 / $66,990</td>
<td>$5,643 / $67,720</td>
<td>$48,600</td>
<td>$97,200</td>
<td>$97,200</td>
</tr>
<tr>
<td>5</td>
<td>$3,160 / $37,931</td>
<td>$6,535 / $78,430</td>
<td>$6,607 / $79,285</td>
<td>$56,880</td>
<td>$113,760</td>
<td>$113,760</td>
</tr>
<tr>
<td>6</td>
<td>$3,622 / $43,464</td>
<td>$7,489 / $89,870</td>
<td>$7,570 / $90,850</td>
<td>$65,160</td>
<td>$130,320</td>
<td>$130,320</td>
</tr>
<tr>
<td>7</td>
<td>$4,083 / $48,997</td>
<td>$8,442 / $101,310</td>
<td>$8,534 / $102,415</td>
<td>$73,460</td>
<td>$146,920</td>
<td>$146,920</td>
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<tr>
<td>8</td>
<td>$4,544 / $54,530</td>
<td>$9,395 / $112,750</td>
<td>$9,498 / $113,980</td>
<td>$81,780</td>
<td>$163,560</td>
<td>$163,560</td>
</tr>
<tr>
<td>For each additional person add</td>
<td>$461 / $5,532</td>
<td>$953 / $11,440</td>
<td>$963 / $11,564</td>
<td>$8,320</td>
<td>$16,640</td>
<td>$16,640</td>
</tr>
</tbody>
</table>
Special cases: Sponsor deeming

- Immigrants who have a sponsor may have their sponsor’s income counted as part of their household’s income
  - APTC and MinnesotaCare do not deem sponsor’s income to the immigrant
  - MA deems a sponsor’s income for non-pregnant adults over age 21
    - Safety Net Provision applies
Safety Net Provision

- Income calculation rules sometimes result in a person having income greater than the MA limit but less than the MinnesotaCare limit. This may occur when:
  - The applicant receives a lump sum
  - The applicant is subject to sponsor deeming
- Household composition rules result in a child under the age of 19 having income greater than 275% FPL using the MA rules, and less than 100% FPL using the MinnesotaCare rules
- To prevent any inadvertent gaps in coverage that may result from the situations described above, the person's income is recalculated using the MinnesotaCare income rules, and then compared to the applicable MA income standard. If the person's income is within the applicable MA income standard, he or she is eligible for MA.
Frequently Encountered Issues:

- Non taxable and SSI income
- Negative Income
- Mixed Households
- Changes in income/hard to predict situations
Taxable/Non-taxable Income

- The MNsure application should guide you through whether income is taxable or non-taxable and calculate the effect of each kind of income on the consumer’s eligibility.

- Please see Types of Income Counted using MAGI Methodology resource for a full list of taxable and non-taxable income.

- If a consumer has questions about how to report income on the MNsure application, refer them to a tax professional. MNsure and assisters are not able to give guidance on tax filing or tax treatment of specific types of income.
Social Security/Supplemental Security Income

- Include all Title II Social Security benefits on the application, including Title II income that is not taxable. Title II Social Security benefits include retirement, disability, and Railroad Retirement benefits.

- Do not include Security/Supplemental Security Income (SSI), which is not Title II income.

- Tax dependents who are not required to file taxes should include the full amount of Social Security benefits and indicate the non-taxable portion in the tax exempt field.
Negative income

- Individuals with current income that includes self-employment (SE) losses (including business, partnership, S corporation, trust, capital or other losses), rental real estate losses, farm income losses or net operating loss carryforwards, may subtract those losses from other earnings within the MAGI-based income calculation for MA eligibility.

- Currently, the Minnesota Eligibility Technology System (METS) does not permit the entry of negative numbers. This results in higher household income totals potentially making applicants ineligible for public health care programs.

- Depending on the case, Projected Annual Income (PAI) may also need to be updated to determine MinnesotaCare, APTC or unassisted QHP.
Negative income: Example

- Married couple filing jointly with self-employment loss of income:
  - Husband and wife (married and file taxes jointly)
  - Husband is self-employed with self-employment wages of $25,000 yearly. His current business income is a net loss of $60,000 yearly. The husband’s total MAGI is negative $35,000.
  - The wife is employed and earns wages of $40,000 yearly
Negative income: Example- continued

- Married couple filing jointly with self-employment loss related to the husband’s income:
  - The husband and wife expect their PAI to be the same as their current income. In this scenario, the husband’s business loss is included in the household income calculation for both the husband and the wife.
  - Husband has a business loss of $35,000. Wife has an income of $40,000. The household has a $5,000 total income.
Negative income: Procedure

- Negative income should be solved by adding adjustments into the income entered into METS
  - However, since METS does not accept negative numbers, the household or individuals income can only go to zero

- For example: An individual has a wage income of $10,000 per year as well as a separate self-employment business loss of $15,000 annually. Due to the reported business loss, the individual’s current countable income is reported as $0, even though there is a net loss of $5,000.

- If unsure, please contact the ARC or Broker Line for more assistance
Mixed eligibility households

- Mixed-eligibility households are households where members are eligible for different programs.
- They occur because of different thresholds for program eligibility for different populations.
- For example: A household of four with two adults and two children, with a total annual income of $56,000:
  - The two adults would qualify for APTCs (income threshold $48,600-$97,200)
  - The two children would qualify for MA for children (income threshold <$66,990)
Mixed eligibility households

- Other situations that may cause mixed eligibility households
  - Pregnancy and newborns
  - Households with mixed immigration status
  - Households with mixed access to/enrollment in other health insurance
  - Households with former foster care children under 26
Tips for working with mixed eligibility households

- If a mixed household includes an individual with an active MA case, the consumer should report life events and other changes to their county agency.

- If a mixed household has MinnesotaCare and APTC/QHP and no MA, the consumer should report life events and other changes to HCEO.

- Members of mixed households can have different certification periods and renewal dates based on their program.

- If moving between programs, assisters might need to know to contact MNsure to end/add or change QHP enrollment.

- Mixed households will get renewal documents from both MNsure and DHS – likely different times during the year.

- If multiple tax households live together, they may be on the same application for coverage, but each tax household would get separate eligibility. Example: Parents have APTC and adult child tax filer might be eligible for MinnesotaCare.
Changes in income/hard to predict income

- Current income vs. annual income
  - MA eligibility is based on current monthly income
  - MinnesotaCare and APTC is based on projected annual income for the tax-filing year.
- Example: Tatiana is employed and her annual salary is $500,000. She loses her job in June. She is eligible for MA. She finds a new job in August at a significantly lower salary earning just above the MA limit. Tatiana is not eligible for MinnesotaCare or APTCs because her annual income will likely exceed the income limits for those programs.
Changes in income/hard to predict income

- Lump Sum Income
  - MA counts lump sums as income in the month received
  - MinnesotaCare and APTCs budget lump sum income over the tax year
Tips for assisters working with changes in income/hard to predict income

- When reporting changes in current income, factor in how that change impacts earnings for the remainder of the tax year and update projected annual income (PAI), too.
  - MA eligibility is determined using information from the “Income” evidence
  - MinnesotaCare and APTC eligibility is determined using information from the “Projected Annual Income (PAI)” evidence
- Self-employment income should be calculated using the net profit after business expenses
Resources for assisters

- Household Composition and Income Rules: MNsure Tip Sheet for Assisters
- Income Level Guidelines (will be updated 07/01/2017)
- Mnformation (eligibility calculation tool from Health Access MN)
- DHS Bulletin #15-21-03: Changes to MinnesotaCare Household Composition Rules (contains the flow-chart for MinnesotaCare household composition and family size)
- Types of Income Counted using MAGI Methodology
- MNsure Household Composition and Income training Course on Assister Central
Questions?