

Navigating Modified Adjusted Gross Income (MAGI) and Program Eligibility: Considerations for AIDS Drug Assistance Programs (ADAP)

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AGENDA

- HRSA Insurance Purchasing Policy
- Definition of Modified Adjusted Income (MAGI)
- Impact on Eligibility for Qualified Health Plans and Medicaid
- Considerations for AIDS Drug Assistance Programs (ADAP)
- Spotlight on Illinois
- Questions and Comments

HRSA/HAB Policies and ADAP Insurance Purchasing



HRSA/HAB Policies and ADAP Insurance Purchasing

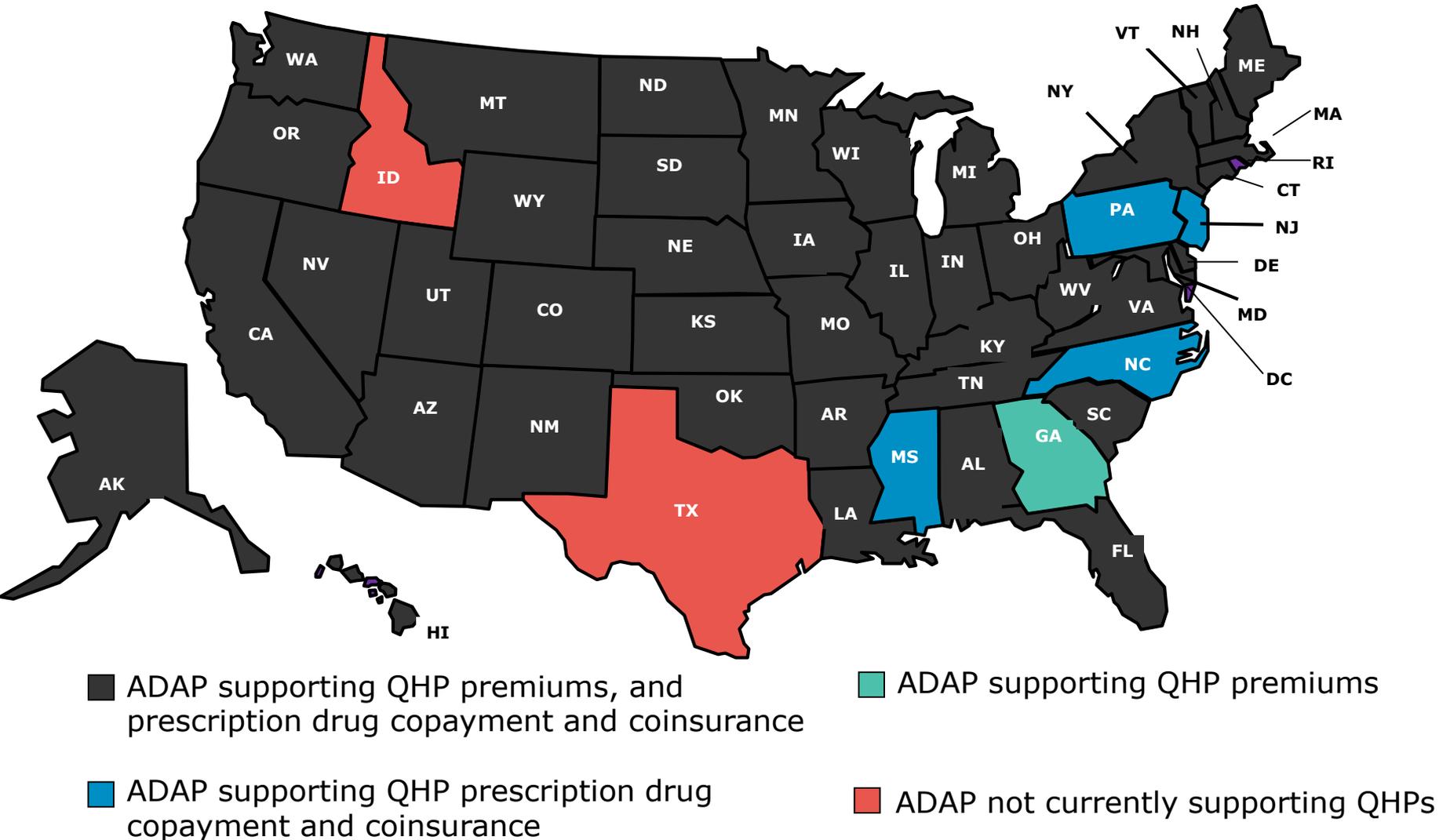
- The Ryan White HIV/AIDS Program is the payer of last resort and grantees must “vigorously pursue” client eligibility for public and private insurance
 - Grantees may not dis-enroll clients from services for failure to enroll in public or private insurance coverage
- HRSA encourages state ADAP/Part B Programs to use their Ryan White funding to help clients access insurance, as long as:
 - Formulary includes at least one drug in each class of core ARVs from the HHS Clinical Guidelines
 - It is cost-effective in aggregate as compared to purchasing medications
- Other Ryan White Program grantees may also use their funds to help clients with the cost of insurance
- Ryan White Program funds may be used to cover services not covered or inadequately covered by public and private insurance

HRSA/HAB Policies on Client Eligibility Determination

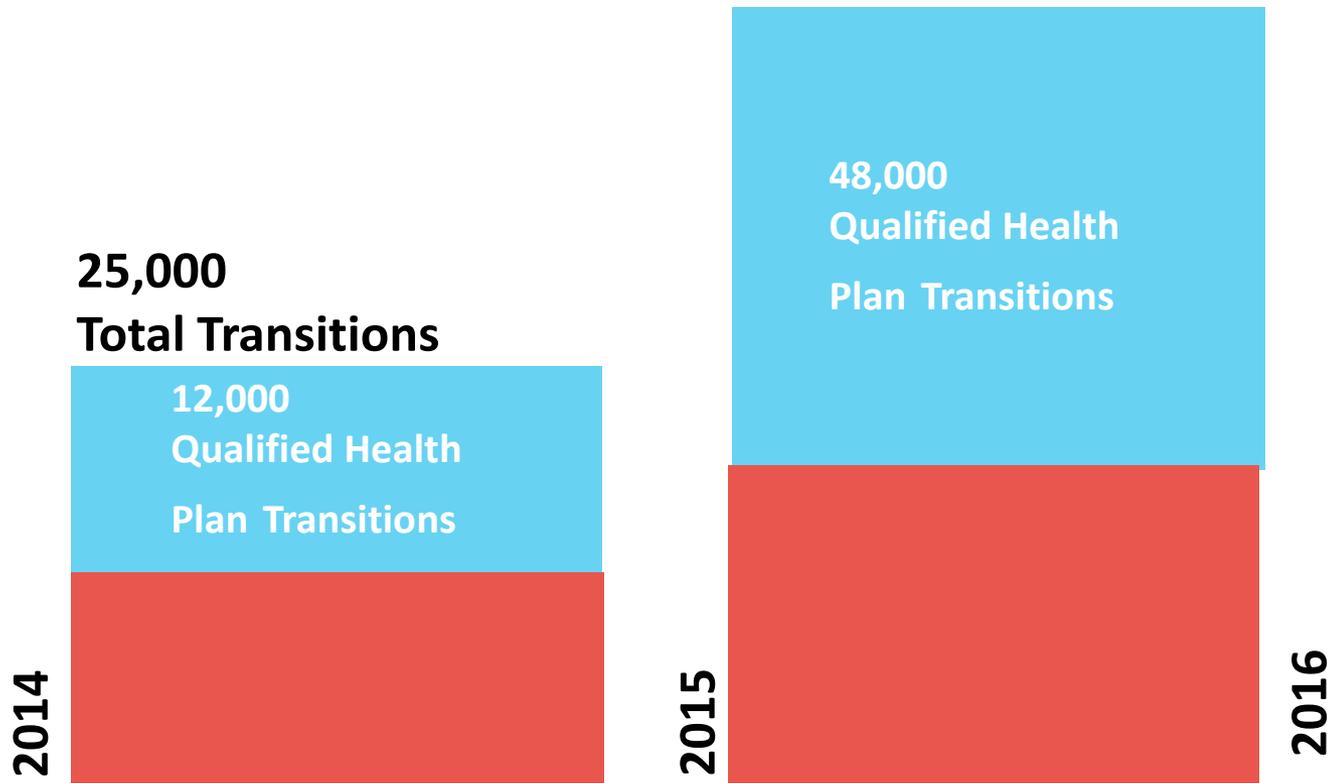
HRSA PCN 13-02:

- HRSA/HAB strongly encourages RWHAP grantees to consider aligning the RWHAP recertification process with the Marketplace annual eligibility and enrollment processes in order to reduce burden on clients, increase coordination, maximize clients' enrollment with appropriate insurers, and ensure compliance with payer of last resort requirements.

ADAP/Part B Programs Currently Purchasing Qualified Health Plans (QHPs) for Clients (September 2015)



ADAP Insurance Purchasing Enrollment



Definition of Modified Adjusted Gross Income (MAGI)

Impact on Eligibility for Qualified
Health Plans and Medicaid



What is MAGI?

Modified Adjusted Gross Income (MAGI) is a standard of income measurement that is defined by the Internal Revenue Service.

Provides a nuanced measurement of household income and economic status.

Why is MAGI important?

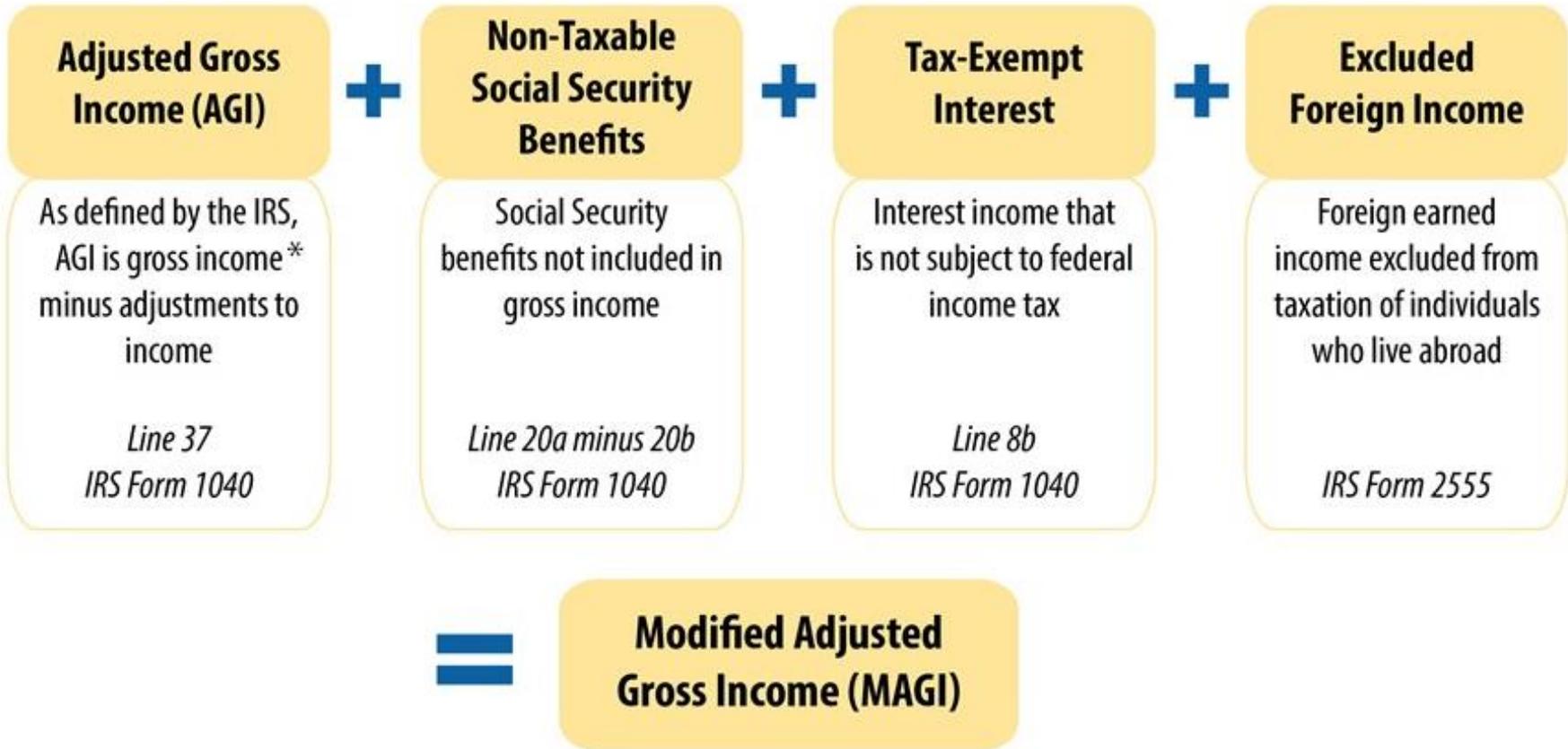
Eligibility for premium tax credits—and for the Children’s Health Insurance Program (CHIP) and most people in Medicaid—is based on “Modified Adjusted Gross Income,” (MAGI).

Completely based on the tax system

RWHAP are allowed to use MAGI to determine program eligibility

- Mock MAGIs are permitted

How is MAGI calculated?



Source: Center on Budget and Policy Priorities

How is MAGI calculated?

Income Counted	Income Not Counted
Wages/Salaries	Employment and Training Programs (i.e. GI Bill)
Tips and Commissions	Bona fide loans
Profits from Self Employment	Federal Income Tax Refunds and Earned Income Tax Credit
Unemployment Compensation	L&I Income
Social Security (includes retirement, disability or survivors) (Excludes SSI)	Foster Care Payment
Pensions, Military Retirement and Annuities	Income given to a sponsored immigrants, needs-based assistance from other agencies, American Indian/Alaskan Native Income
Dividend payments	Federal Educational Assistance (student loans, grant and work study)
Lump sums (outside of exemptions -->) are counted if received in month of application	Lump sums for wrongful death, personal injury, damage or loss of property

Annual vs. Point-in-time Eligibility

Qualified Health Plans	Medicaid	RWHAP ADAP
<p>Eligibility for premium tax credits and cost-sharing reductions are always based on an annual MAGI</p>	<p>Medicaid and CHIP base determination on current monthly income, with State option to consider predictable changes in income at initial determination.</p> <p>State option to use projected annual income for remainder of year for ongoing eligibility of beneficiaries.</p>	<p>Can choose either annual or monthly</p>

Where is MAGI located on tax forms?

Form 8962 Department of the Treasury Internal Revenue Service		Premium Tax Credit (PTC) ▶ Attach to Form 1040, 1040A, or 1040NR. ▶ Information about Form 8962 and its separate instructions is at www.irs.gov/form8962 .		OMB No. 1545-0074 2014 Attachment Sequence No. 73			
Name shown on your return		Your social security number		Relief (see instructions) <input type="checkbox"/>			
Part 1: Annual and Monthly Contribution Amount							
1	Family Size: Enter the number of exemptions from Form 1040 or Form 1040A, line 6d, or Form 1040NR, line 7d				1		
2a	Modified AGI: Enter your modified AGI (see instructions)	2a		b	Enter total of your dependents' modified AGI (see instructions)	2b	
3	Household Income: Add the amounts on lines 2a and 2b				3		

How is MAGI calculated?

Calculate Modified Adjusted Gross Income Using Last Tax Return

Use this form alongside your last federal 1040 tax form to figure out your projected MAGI for the coverage year. You should use this form if you expect your income to be the same as when you filed your last tax return.

Enter your projected Adjusted Gross Income (AGI from Form 1040EZ: Line 4 ; Form 1040A: Line 21 ; Form 1040: Line 37 *

Enter your projected Foreign Income excluded from gross income (include on Line 7 of Form 1040 based on Line 26 of Form 2555 or Line 17 of Form 2555-EZ) *

Enter your projected Tax Exempt Interest that you expect to receive or accrue during the year (Line 8b of the Federal tax return Form 1040) *

Enter your projected Non-taxable Social Security benefits (Your non-taxable Social Security benefits are the difference between the amount on Form 1040 Line 20a and Line 20b.) *

What constitutes a household in MAGI calculation?

Moving from an individual calculation to a household

- Individual taxpayers
- Spouses filing jointly
- Dependents who are required to file a return

How does MAGI differ from other income calculations?

Gross Income	Net Income	Adjusted Gross Income
A household's total income prior to taxation and deductions	An individual's income after deductions, credits and taxes are factored into gross income. Deductions and credits are subtracted from gross income to arrive at taxable income, which is used to calculate income tax. Net income is income tax subtracted from taxable income.	Adjusted Gross Income is defined as gross income minus adjustments to income. We suggest you refer to your 2012 federal income tax return to get a quick estimate of your 2013 AGI. On your 2012 return, please refer to: <ul style="list-style-type: none">• Line 4 if you filed a Form 1040EZ• Line 21 if you filed a Form 1040A• Line 37 if you filed a Form 1040

How does MAGI impact eligibility for Qualified Health Plans and Medicaid?

The diagram consists of a large black-bordered rectangle divided into five vertical columns by light blue lines. An orange box is positioned in the first column, a green box is centered across the second and third columns, and a red double-headed arrow spans the width of the entire diagram.

**Medicaid Expansion
Up to 138%**

**Qualified Health Plans (QHP)
Between 100% and 400%**

Client Churning

How is income from self-employment treated?

Self-employment income is calculated in two ways:

- If an individual has worked long enough to file a federal tax return for the previous year and it represents their current income then the agency determines self employment income by using the income and deductions claimed on previous year's taxes.
- If an individual has worked for less than a year at the business or not long enough to file a tax return in the previous year then the agency will determine the self employment income by averaging the income to come up with a monthly amount based on the period of time the business has been in operation within the last year. Adding together gross income and any profit made from selling business property or equipment over the period of time the business has been in operation within the last year and subtracting business expenses allowed by the IRS.

MAGI Considerations for AIDS Drug Assistance Programs

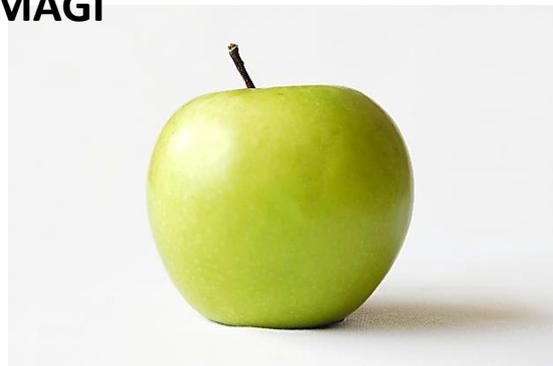


How does MAGI differ from other income calculations?

ADAP Eligibility Aligned to MAGI



ADAP



Medicaid Expansion



QHPs

ADAP Eligibility *Not* Aligned to MAGI



ADAP



Medicaid Expansion



QHPs

Considerations for Non-filers and those without an AGI

- RWHAP ADAPs can develop and mock MAGI eligibility screening

Troubleshooting MAGI Challenges

Challenges	Potential Cause	Strategies
Transitioning eligibility criteria to align with MAGI is complicated and burdensome	Enrollment and recertification process are complicated	<ul style="list-style-type: none">• Build into contracting language• Conduct training for case managers and other program enrollment and recertification
Some clients are stuck in an eligibility churn between Medicaid and the Marketplace- both say they are ineligible	<ul style="list-style-type: none">-Marketplace eligibility based on annual MAGI while expansion Medicaid likely based on monthly MAGI-Differences in Medicaid policy	<ul style="list-style-type: none">• Submit Medicaid denial letter to Marketplace as an appeal• Be persistent

Spotlight on Illinois

Dr. Jeff Maras



Resources

- Medicaid guidance on MAGI calculation methodology:
- <http://www.medicaid.gov/Federal-Policy-Guidance/downloads/SHO12003.pdf>
- National Alliance of State & Territorial AIDS Directors (NASTAD), www.NASTAD.org
 - Amy Killelea, akillelea@nastad.org
 - Xavier Robinson, xrobinson@nastad.org
- HIV Health Reform, <http://www.hivhealthreform.org/>
- HIV Medicine Association, www.hivma.org
- HRSA/HAB ACA and Ryan White Resources, <http://hab.hrsa.gov/affordablecareact/>
- IRS The Health Insurance Premium Tax Credit for Tax Year 2014 – What You Need to Know, <http://www.irs.gov/pub/irs-utl/15-Premium%20Tax%20Credit.pdf>
- Health Care Reform Resources
 - Center on Budget and Policy Priorities, Beyond the Basics, <http://www.healthreformbeyondthebasics.org>
 - State Refo(ru)m, www.statereforum.org
 - Kaiser Family Foundation, www.kff.org
 - Healthcare.gov, www.healthcare.gov

Questions or Comments?



Reference Slides

How is Social Security Income treated in MAGI calculations?

- Social Security benefits received by a tax filer and his or her spouse filing jointly are counted when determining a household's MAGI.
- For people who have other income, some Social Security benefits may be included in their AGI.
- One of the modifications to AGI to get to MAGI adds in any Social Security benefits that have not already been included in AGI

What about dependent children who receive Social Security Income?

It depends...

- It depends on whether the child is required to file a tax return.
- Reminder: A household's Modified Adjusted Gross Income (MAGI) is the sum of the MAGI of the taxpayer, the spouse filing jointly, and dependents who are required to file a return. So...
 - Dependents who have income above a certain amount (\$6,100 in earned income and \$1,000 in unearned income in 2014) must file their own tax return even though someone else claims them as a dependent (Social Security benefits don't count toward these thresholds.)
 - If the dependent with Social Security benefits is not required to file a return, any Social Security benefits he or she receives are not counted.