

Eligibility Criteria for Medicaid and Insurance Affordability Programs: Modified Adjusted Gross Income (MAGI)⁴



	Income	Assets	Household size	Residency	Immigration status	Redetermination
MAGI	<p><i>Criteria</i> Based on Internal Revenue Service definition of income¹ MINUS:</p> <ul style="list-style-type: none"> • Educator expenses • Business expenses • Health savings account deduction • Moving expenses • Certain self-employment expenses • Penalty on early withdrawal of savings • Alimony <p>Medicaid-specific exceptions to MAGI definition of income:</p> <ul style="list-style-type: none"> • Amount received as lump sum is only counted as income in month received • Educational grants are excepted from income • Certain American Indian/Alaska Native income is excepted² • Across-the-board 5% disregard of income (all other income disregards eliminated) <p>Budget periods:</p> <ul style="list-style-type: none"> • MAGI income determinations are based on “point-in-time” income for Medicaid • Income determination for premium tax credits are based on projected annual income (credits are paid in advance and reconciled at end of year based on tax returns) • States have option of using point-in-time or projected annual income methods for <i>current</i> Medicaid beneficiaries and to take into account reasonably predictable income changes for new and current beneficiaries 	<p><i>Criteria</i> No assets test</p>	<p><i>Criteria</i> Tax filing unit (individual plus anyone for whom individual claims personal exemption)</p> <p>For individuals who do not file a tax return and are not claimed as tax dependent, household size is the individual and the following (if living with the individual):</p> <ul style="list-style-type: none"> • Spouse • Natural, adopted, and step children (those under age 19, or, at state option those under age 21 and full-time student) • If applicant is a child, natural, adopted, and step parents and natural, adopted, and step siblings³ 	<p><i>Criteria</i> State of residence is the state where the individual is living and Intends to reside, including without a fixed address; or state in which person has entered with a job commitment or seeking employment (whether or not currently employed).</p>	<p><i>Criteria</i> Undocumented immigrants are barred from coverage through exchanges or Medicaid</p> <p>Legal immigrants are barred from Medicaid coverage for 5 years, but are eligible for subsidized coverage through exchanges during this time.</p>	<p><i>Criteria</i> Once every 12 months.</p>
	<p><i>Supporting documents</i> The final regulation limits use of documentation and requires states to use electronic sources for verification wherever possible, including:</p> <ul style="list-style-type: none"> • Internal Revenue Service (IRS) • State Wage Information Collection Agency • Social Security Administration (SSA); and • Other social services programs (e.g., SNAP) <p>The regulation requires states to access information available through the federal “Data Services Hub” as well as the Public Assistance Reporting Information System (PARIS).</p> <p>If information obtained through electronic sources is not “reasonably compatible” with information provided by applicant, agency must request additional documentation.</p>	<p><i>Supporting documents</i> N/A</p>	<p><i>Supporting documents</i> Self-attestation accepted</p>	<p><i>Supporting documents</i> Self-attestation accepted</p>	<p><i>Supporting documents</i> Social Security Number or paper documentation (verification with federal data hub required)</p>	<p><i>Supporting documents</i> States are required to use an administrative renewal process using electronic data sources. If eligibility cannot be verified with existing databases, beneficiaries must be sent a pre-populated renewal form and must supply missing information.</p>

¹ IRS Form 1040 defines income as: wages, salaries, tips, interest, dividends, taxable refunds, credits or offsets of state and local income taxes, business income, capital gain, IRA distributions, pensions and annuities, rental real estate, royalties, partnerships, S corporations, trusts, unemployment compensation, and farm income.

² Exceptions include: distributions from Alaska Native corporations and settlement trusts, distributions from any property held in trust located within prior federal Indian reservation, distributions and payments from property rights associated with federal Indian reservation land, and student financial assistance under the BIA.

³ Certain exceptions to MAGI household size rules apply, including the provision that married couples living together are each included in the other’s household regardless of filing status. For a full list of exceptions (most of which involve treatment of children), see [State Health Reform Assistance Network: Overview of Final Medicaid Eligibility Regulation \(April 2012\)](#).

⁴ MAGI applies to income determinations for newly-eligible Medicaid beneficiaries (the 2014 expansion population), some traditional Medicaid groups (children, parents, and caretakers), and subsidies to purchase insurance through exchanges. MAGI does NOT apply to certain traditional Medicaid groups (e.g., disabled populations and medically needy). Application of MAGI for new applicants will begin January 1, 2014. For current Medicaid beneficiaries, the MAGI formula will be effective on March 31, 2014 (or the next regularly scheduled renewal if later).