



COLORADO

Department of Health Care
Policy & Financing

Household Composition for Modified Adjusted Gross Income (MAGI) Medical Assistance Programs

Fact sheet June 2018

Policy Overview

For Modified Adjusted Gross Adjusted Income (MAGI) Medical Assistance programs, household composition is determined based on federal tax rules. In most cases, this consists of tax filers and their tax dependents. However, there will be exceptions for some households. MAGI households are determined in three different ways: Tax Filer Rules, Tax Dependent Rules and Non-Tax Filer Rules (see definitions below).

- **Tax Filer:** any individual that files a tax return or can reasonably expect to file in the next year. The caseworker should take the client's statement regarding tax-filing expectations. If the individual doesn't know their tax filing status, eligibility will be based on household relationships (the individual will be considered a non-filer).
- **Non-Filer:** someone who does not file taxes or does not expect to file a tax return in the next year. This includes individuals receiving SSI or individuals who do not make a certain level of income (which varies based on age, marital status, and type of income the individual receives). Client statement regarding tax-filing status is acceptable. If the individual doesn't know their tax filing status, eligibility will be determined based on household relationships.
- **Tax Dependent:** an individual supported by a tax filer for over half of a calendar year. Most often tax dependents are children, but sometimes a tax dependent is a relative or parent of the tax filer that is living in the house. For eligibility purposes, tax dependents are individuals who expect to be claimed as such by another tax payer for the taxable year in which an eligibility determination is made.

Is an applicant's tax filing status based on the current

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year's expected filing status or the status on the last filed tax return?

An applicant's tax filing status should be based on the expected filing tax status for the current year in which an initial determination or renewal of eligibility is being made. For example, Jaime applied in May 2018, she would then report her expected filing status for 2018.

Who is included in a tax filer's household?

The following individuals would be included in the tax filer's household:

- The tax filer
- All individuals whom the tax filer expects to claim as a tax dependent
- The tax filer's spouse if living in the home, regardless of whether the couple expects to file jointly or separately.

Are eligibility workers required to determine whether a tax filer may claim another individual as a tax dependent?

No, eligibility workers do not determine whether an individual may claim another individual as a tax dependent. An eligibility worker may accept self-attestation of a tax dependent status. An eligibility worker may request additional information if the attested information appears inconsistent with tax filing rules.

Does a tax filer need to include a tax dependent on the application, if the tax dependent is no longer living with the tax filer?

Yes, if a tax filer expects to claim a tax dependent who no longer lives in the home, the tax filer needs to include the tax dependent on the application in which an initial determination or renewal of eligibility is being made. All tax dependents, whether they live in the tax filer's home or not, should be part of the tax filer's household when determining eligibility.

Who is included in a tax dependent's household?

For most applicants claimed as tax dependents, the household is the same as the tax filer claiming the tax dependent.(See exceptions below.) The following individuals would be included in the tax dependent's household:

- The tax dependent
- All individuals whom the tax filer expects to claim as a tax dependent
- The tax filer's spouse if living in the home, regardless of whether the couple expects to file jointly or separately.
- The tax dependent's spouse if living in the home.



Does a tax dependent need to include a tax filer on an application, if the tax filer doesn't live with the tax dependent?

Yes, a tax dependent who doesn't live with a tax filer would need to include the tax filer and the tax filer's other tax dependents on the application when an initial determination or renewal of eligibility is being made.

If the tax filer information isn't listed on the application, will the tax dependent receive anything by mail requesting this information?

Yes, if the tax filer information is not provided on the application, the tax dependent will receive a tax information packet by mail to complete.

Will the tax information packet be sent to the tax dependent applying for Medical Assistance or to the tax filer?

The tax information packet requesting the tax filer's information will be sent to the applying tax dependent.

How long will the tax dependent have to respond to the tax information packet?

The tax dependent will have 10 business days to complete and return the tax information packet sent.

Where does the tax dependent send the tax information packet?

There will be a cover letter attached to the tax information packet and the county's address and contact information will be listed on the letter. The tax dependent can also respond to this packet online through Colorado.gov/PEAK.

Will tax dependents applying through PEAK receive the tax information packet as part of their application, or will they receive it later?

The tax dependent who is applying through PEAK will be given an opportunity to complete the tax information packet online but if this information is not provided at that time, the tax dependent will be mailed this packet or notified through e-noticing.



Will a tax dependent who does not list their tax filer on the application still get approved for MAGI Medical Assistance?

If the tax dependent submits a new application and does not list the tax filer on the application, the tax dependent will not get approved for MAGI Medical Assistance, until the tax filer's information is received. If this information is not provided the application will get denied for failure to complete the application.

If a tax dependent's application is denied for not responding to the tax information packet, will they have to reapply?

If it is within 30 days from the date of the denial, the tax dependent may provide the tax information packet to their eligibility worker and not have to complete a new application. If it is past the 30 days from the date of denial, the tax dependent will need to reapply and submit a new application.

What if a child under the age of 19 is both a tax dependent and a tax filer, what tax rules should apply?

If the child is both a tax dependent and a tax filer, tax dependent rules would be applied. For applicants claimed as tax dependents, the household is the same as the tax filer claiming the tax dependent.

If a person's tax filing status changes, when is it appropriate to change their tax filing status?

A person can report a change at any time but if their tax filing status has changed, it should be based on the expected tax filing status in which an initial determination or renewal of eligibility is being made. For example, when Jamie applied in May 2018, she applied as a tax dependent, however she decided with the person who planned to claim her and determined that she would no longer be claimed as a dependent. Jamie can self-attest this change, and her case should be updated accordingly.

Who is included in a non-filer's household?

For applicant's subject to the non-filer household composition rules, the household includes the applicant and the following persons if they are living with the applicant:

- The applicant's spouse
- The applicant's natural, adopted and step children under age 19
- For applicants under age 19, the applicant's natural, adopted or step parent



- For applicants under age 19, the applicant's natural, adoptive and step siblings who are under age 19.

Are there any exceptions for tax dependents?

There are 3 exceptions for applicants claimed as tax dependents. An applicant who meets any of the following is subject to the non-filer household composition rules rather than tax dependent household composition rules:

- The tax filer is someone other than the applicant's spouse, or natural, adopted or step parent
- The tax dependent is under age 19 and living with both parents, but his or her parents do not file a joint tax return
- The tax dependent is under age 19 and expects to be claimed by a non-custodial parent.

What is a non-custodial parent?

A non-custodial parent is a parent who does not have physical custody of his or her minor child.

If the custodial parent applies for the child but the non-custodial parent claims the child as a tax dependent, will the non-custodian's income be requested?

The non-custodial parent's income information will not be requested or required to be provided because the child does not live with the non-custodial parent. The child would meet the last exception listed above and because of this exception non-filers rules are applied to determine the child household. Under non-filer rules the child's household would include those who live with the child.

What rules will apply to a tax dependent if none of the exceptions above are met?

If none of the exceptions listed above apply to a tax dependent, the tax dependent will follow tax dependent rules, and their household would be the same as the tax filer claiming the tax dependent.

What should eligibility workers do if both parents are applying separately for health coverage for the same child in the same year?

The Department's guidance is an eligibility worker needs to identify who the custodial parent is and with whom the child spends most nights with. This can be established

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based on physical custody specified in a court order, binding separation, divorce, or parenting plan. If there is a parenting plan, the primary residential parent is the parent with whom the child spends most nights. The child should receive coverage under the custodial parent's case.

What should eligibility workers do if both parents are applying separately for health coverage for the same child in the same year and have equally shared joint custody?

Current regulations do not address the situations when a child spends an equal number of nights with both parents. The Department's guidance is for an eligibility worker to determine which parent will claim the child as a tax dependent. Whichever parent is claiming that child as a tax dependent can apply for health coverage for the child.

What if the applicant is a homeless youth and indicates on the application they are a tax dependent, will they need to provide the tax filer's information?

For homeless youth, obtaining the information needed to make an initial determination or renewal of eligibility may be challenging; therefore the tax filer's information will not be requested. The eligibility worker needs to complete the Individual Attributes page within the Colorado Benefits Management System (CBMS) and select 'Homeless with housing' or 'Homeless without housing', for the tax information packet not to be sent out. An applicant applying through PEAK can select homeless in the Household Members Detail page.

What if an applicant is a tax dependent and a victim of violence, will they have to provide the tax filer's information?

For a tax dependent who is a victim of violence of the tax filer, obtaining the information needed to make an initial determination or renewal of eligibility may be challenging therefore, the tax filer's information will not be requested. The eligibility worker will need to complete the special indicator page within the Colorado Benefits Management System (CBMS) to identify the tax dependent as a victim of violence for the tax information packet not to be sent. An applicant applying through PEAK can select that they are a victim of violence in the Household Members Detail page.

For more information contact

Medicaid Eligibility Inbox

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Medicaid.Eligibility@hcpf.state.co.us

You can find the MAGI-Household Composition Flowchart under Training Topic "Health First Colorado (Colorado's Medicaid Program) and CHP+":

[MAGI-Household Composition Flowchart](#)

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