



# Affordable Care Act (ACA) and Exchange Learning Series

Massachusetts Health Care Training Forum (MTF)

## Modified Adjusted Gross Income Conference Call FAQs

### 1. What is the easiest way to help a person determine their Modified Adjusted Gross Income (MAGI)?

Complete an online application in the HIX system. Answers to specific questions will allow the system to calculate MAGI for the client.

### 2. What can people deduct from their income for their MAGI?

MAGI allows for tax deductions to be subtracted from countable income. A person may deduct what they could on taxes, such as alimony paid, mortgage interest, student loans, and moving expenses.

MAGI does NOT count (but MassHealth does currently count): child support income, pre-tax deductions (e.g. child care expenses or health savings accounts), workers compensation, gifts, inheritances, life insurance (non-taxable income).

### 3. Is there a specific line on the Federal Tax 1040 return that is used to determine the MAGI?

MAGI takes "Taxable" Adjusted Gross Income, which can be found on IRS Form 1040 (line 37 = AGI), then "modifies" it by adding back in tax-exempt interest and Social Security income. MAGI is not simply a line off the tax return.

### 4. Will those who receive Premium Tax Credits be reimbursed for premiums paid at the end of the year or will monthly premium support be paid directly to the health insurance plan?

Starting in 2014, Premium Tax Credits are available through the Health Connector to reduce the cost of premiums in one of two ways:

- a. An individual/family who qualifies can take the tax credit in the form of advance payments to lower their monthly health plan premiums. The Premium Tax Credit will be sent directly to the insurance carrier. The individual/family will pay the balance of the premium.
- b. An individual/family can claim them at the end of the tax year similar to other tax credits.

### 5. Will those who are eligible to shop on the Marketplace have a choice of private plans as well as subsidized plans?

Yes, the Marketplace will be a one stop shop for insurance. Individuals can shop on [MAhealthconnector.org](http://MAhealthconnector.org) for subsidized insurance or unsubsidized plans. Shoppers will be able to compare plans and opt for a plan that fits into their needs and budget.

### 6. Who's responsible for explaining all of these changes to current and new members?

MassHealth and the Health Connector have created several ways to support current and new members using through a multi-faceted outreach infrastructure. We will use multiple channels and vehicles to directly support membership and those who support our members by providing comprehensive

technical assistance to each of our outreach “partners”.

The Health Connector will have a **Public Information Unit**. People working in this unit will be able to take questions from the general public and direct individuals to the appropriate place for assistance.

**Brokers** will continue as they have to help facilitate enrollment especially with small and large group employees.

**Customer Service** for both MassHealth and the Health Connector has been preparing to support the upcoming member transition.

**Navigators**. Massachusetts has selected and trained navigators who will conduct outreach activities, and provide education and resources around the Affordable Care Act and are prepared to assist individuals, families and small businesses from application through enrollment.

**Certified Application Counselors (CAC)**. This role is very similar to the role the current Virtual Gateway providers are serving in. Training is currently being provided to those hospitals and health centers whose staff members have been designated as CACs.

**ACA Training Forums & Learning Series**. We have provided training through the ACA Learning Series. Information has been presented to community partners to keep them informed and updated on information related to ACA implementation.

We will be increasing the frequency and the depth of the information that we’ll be providing not only through these conference calls but also at the in person MTF sessions. If you are new to the MTF series, please stay connected to us and attend an in person MTF meeting, if possible.

#### **7. Will MAGI affect community based elders as well as institutional long term care Medicaid eligibility?**

MAGI will not affect community based elders or institutional long term Medicaid eligibility, as federal regulations exempt those over 65 from the MAGI rules (with limited exceptions).

#### **8. What is the age group this change will affect?**

MAGI income counting rules apply to individuals under age 65, with very limited exceptions.

#### **9. At least 25% of our clients are seasonally employed. Some collect unemployment benefits when they are unemployed. Some do not. Some keep the same seasonal job every year. Others change seasonal jobs from year to year (i.e., waiter/waitress in the summer but at different restaurants). How will MAGI factor this in?**

MassHealth counts current monthly income and premium tax credits count projected annual income. The online and paper applications will be collecting income information and ask questions about seasonal employment and the months in which income is received, then use it to determine an average monthly amount for MassHealth or an annual amount for Premium Tax Credits eligibility purposes.

#### **10. What about income from the previous tax year that the person no longer has?**

Current monthly income is used to determine MassHealth eligibility, so if unemployment is the only current monthly income, that is what will be used to determine MassHealth eligibility. The Health Connector will determine eligibility based on yearly the income in which the tax credit is received. This means that if an individual is applying for coverage in December 2013 for 2014, the Health Connector will determine eligibility based on the individual’s projected 2014 income. When newly applying, the

system will still try to match what you report as income to federal income data sources (IRS tax data) for verification purposes. However, there is an expectation that those numbers will not match perfectly, especially since any tax data will be at least a year old. Therefore, a process to determine if the numbers are “Reasonably Compatible” or “close enough” so that they can be considered to be verified, so the person will not have to submit any paper verifications. We also expect to be able to match with the state unemployment database to verify unemployment income.

**11. Does any MassHealth program consider adjusted gross income when previously I thought it was always just gross income that was considered? When did this go into effect?**

MassHealth eligibility currently uses gross income to determine eligibility. The new MAGI adjusted gross income counting will begin January 1, 2014.

**12. How will this affect the CommonHealth premiums? Will they be increasing being that the FPL has increased as well?**

The premiums will be calculated the same way they are today. CommonHealth has no income limits and that is not changing.

**13. What will be the guidelines for MassHealth recipients? Will the gross income remain the same for Commonwealth Care individuals? What will be the gross income under the new qualify health plans?**

MAGI income counting will apply to MassHealth recipients currently covered under the 1115 waiver, with the exception of disabled people who are exempted from MAGI. We do anticipate that some MAGI-like beneficial income counting rules may be applied to disabled, but are still awaiting approval. MAGI income counting will apply to those people currently covered on Commonwealth Care, therefore gross income will no longer be used as of January 1, 2014.

**14. Will there be different benefit packages based on persons made eligible by MAGI versus those persons who would have met eligibility limits before enactment of ACA?**

Benefit packages are not related to MAGI income counting, but the coverage type a person is determined eligible for.

**15. How will the old criteria be translated to the new income definition?**

Implementation of the ACA will result in some people’s coverage changing. Most MassHealth members’ coverage will stay the same, but individuals in MassHealth Essential, Basic, Insurance Partnership, and certain HIV-Family Assistance members will shift to different types of coverage.

All Commonwealth Care and Medical Security Plan members will shift either to a Qualified Health Plan (QHP) through the Health Connector or to MassHealth

MassHealth and the Health Connector are working closely to plan for a smooth transition for individuals currently enrolled in subsidized programs. Our goal is to ensure that all transitioning members are enrolled in their new ACA coverage on January 1, 2014.

**16. So how do the effective dates work, you went over how there would be presumptive benefits while you wait for verifications to be submitted for 90 days but not when benefits will start? Will it still be the first of the month?"**

Depending upon the benefits a person’s determined eligible for, coverage will begin for MassHealth as soon as the determination is made in the HIX system. For QHP, a person’s coverage will begin the first day of the month as long as plan selection and successful payment is received at least five business days before

the end of the month. If the plan selection and payment was not complete at least five business days before the end of the month, coverage will begin on the first day of the following month.

**17. Is it possible for one member of a household to be eligible for MassHealth and another get tax credits?**

Yes.

**18. What are MAGI tax households for MassHealth and Health Connector?**

For MassHealth, tax household rules are used, but some exceptions apply based on family relationships and who lives together. For premium tax credits, it's always the tax household

**19. How long do you expect an application to take?**

The length of time needed to do an application will vary from person to person.

**20. Since the system will be doing so much verification, how will we know what documents to request from patients seeking our services?**

At the end of the application process, if we are unable to verify information with electronic data sources, individuals may be required to submit paper verifications. They will be notified at the end of the application process what would other verifications may be needed. The same things used for verifications today will be acceptable in 2014, such as pay stubs, Social Security letters, last year's federal tax return, & pension award letter.

**21. How will the new system deal with people that are undocumented aliens and those who are residents in other states?"**

There is no change in the process for undocumented residents, except for pregnant women who now will be eligible for MassHealth standard regardless of immigration status if they are under 200% FPL. Residents of other states need to apply for benefits in the state in which they reside. If they intend to move to Massachusetts they may be able to apply for benefits in Massachusetts.

**22. When will the application be available?**

The HIX system and paper application will be available on October 1, 2013 for individuals looking for coverage to begin January 1, 2014.

**23. I do not understand the significance of the difference between the MAGI tax household and the MAGI Medicaid household.**

For MassHealth, tax household rules are used, but some exceptions apply based on family relationships and who lives together. For premium tax credits, it's always the tax household.

**24. What incomes will be considered if over 19 year olds who are working and over 65 year olds who receive SS and have assets are all living under the same roof?**

A MAGI household will be determined for each individual. The income of any person included in the household will be counted, if that person is required to file taxes. MAGI does not apply to people over age 65. The same income and asset counting rules that are used now for the over age 65 individuals will continue to apply.

**25. What information will be available to the consumer to decide how to apply their credit and via what format will that be made know to the appropriate organization?**

Brochures and fact sheets are being prepared to help individuals understand the tax credits and how to use them.

**26. Will reviews need to be done each year and will the same form used to initially apply be used?**

For MassHealth, reviews will continue to be done annually. There will be a new form that is similar to application. For the Health Connector, all eligibility reviews will be sent as part of the new annual open enrollment period. More information on the Connector renewal process will be available next year.

**27. After the new ACA has started if an inmate is already on one of the new programs including MassHealth and then they are sentenced does their card become inactive or stay active as they will not be using it while incarcerated as all health issues are paid by the corrections dept. and how would that affect the couple/family status of the health insurance?**

Prison matches are generated by the Social Security Administration and upon notice of incarceration the coverage will be terminated. The family would be reviewed for continued eligibility.

**28. Also many are homeless with no income will they still fill out the basic MassHealth application?**

The new single streamlined application will **used to determine eligibility for:**

- MassHealth
- QHPs with subsidies
  - advanced payments of the premium tax credits
  - cost sharing reductions
  - additional state subsidies
- QHP without state subsidies
  - Individuals and Families
  - Business Express for small employers up to 50
- Health Safety Net (HSN)

**29. "How would the following household composition be viewed? Divorced parents with one child. The mom has physical custody and receives child support but the dad claims the child on his tax returns."?**

A MAGI household would be determined for each individual, that is: the mom, the dad and the child. The Dad's household composition would be based on his tax household, so it would include himself and his child claimed on his taxes. However, depending on the income level, the child's household under MassHealth MAGI rules would trigger an exception and the child's household could include the child and the custodial parent/mother.

**30. MAGI allows for tax deductions to be subtracted from countable income. If a household does not itemize deductions on their tax return, but does have mortgage interest or other deductions, will those deductions still be considered in the MAGI calculation?**

Yes, the streamlined application will ask same income and demographic questions as today, with some additional questions regarding potential deductions, and tax filing expectations. Itemizing on your federal taxes does not impact whether you can claim the deduction, because even people who do not file taxes can deduct these same items from their MAGI income.

**31. How do you look at a person who is considered a dependent on someone else's tax return, but also files their own tax return?**

The person is considered a dependent of someone else for MAGI household composition purposes. The fact they file taxes does not affect household composition, but may affect whether their income is counted, if their income is high enough to require them to file taxes.

**32. Are there any changes to members with rental income that are receiving family assistance help with private insurance?**

There should be little or no impact to how premiums or premium assistance is calculated for MassHealth. In the new world, today's family group for premium billing and premium assistance rules will be mirrored for premium and premium assistance calculations.

Simply speaking, we will not use MAGI household composition for premium billing or premium assistance. We will use the current family group that we use today for the calculation. We will continue to use net income when considering rental income.

**33. How does an 18-year-old individual that is single but not part of its parent's household any longer (parents have disengaged then from the family dynamics) apply for MH?**

If the 18-year old is no longer living with their parents they would apply through the exchange as an individual. However, if his parents still claim him as a dependent on their taxes he may be considered part of their MAGI household.

**34. If there is a single parent in a household and the parents have shared custody, one parent claims the child on their taxes one year and the other parent the next. How is the household made up?**

The parents need to report this change in tax filing status each year there is a change, as it may impact their MAGI household composition.

For Medicaid purposes, the parent the child lives with is considered the custodial parent. The non-custodial parent is not considered part of the child's household for Medicaid MAGI purposes.

**35. Other than the MTF meeting, will there be further training on this new process?**

Yes, there will be in-person trainings and meetings, call-in webinars, email blasts, and website updates.

**36. For children 19 or over living with his/her parents and being claimed on their parent's taxes, can that child/adult get coverage under the same plan as their parents or would they have to do a separate application?**

Children 19 and older who live in the same households as their parents and are claimed as dependents by their parents would be part of the same application group as their parents. For MassHealth they still have an individual managed care plan choice, which does not have to be the same managed care plan as their parents.

For Connector Plans - Yes a child 19 -26 living with their parents could shop and be part of their parent's plan regardless of the filing status of the child.

**37. If someone is self-employed and has not filed taxes the past year or has an extension, what can they send for verification? Can they still do a quarterly statement or can they send in the taxes from the year before?**

If a self-employed person does not have taxes on record which accurately demonstrate their current income they can continue to send a quarterly statement or a profit/loss statement to verify their current self-employment income. This is the same process that is followed today.

**38. What happens with mixed household where some members are subject to MAGI and some members not?**

Households comprised of members who need to go through a MAGI-eligibility determination and members who are subject to a non-MAGI determination will have their eligibility determined according to the rules that apply to them. Different types of information will need to be provided to allow these different eligibility determinations.

**39. Are 19 year olds still removed from the household?**

19 year olds are not removed from the household if they are claimed as a dependent on their parent's tax return.

**40. Is alimony paid and child support paid the same thing for the payee?**

Things that are otherwise deductible on your taxes are also able to be deducted from your MAGI income. For example, alimony paid is deductible for the payee on his/her federal income taxes, so it therefore can also be deducted from his/her countable MAGI income.

**41. How will family members' who are included in more than one household MAGI be calculated?**

Under MAGI each person will have their own household composition. However, they may also be included in other people's household composition. MassHealth will look at each person individually to determine what their household composition should be and then count the income of those people who are included in their MAGI household.

**42. What will happen if a person takes a tax subsidy upfront to help pay a health insurance premium, and when they actually complete their taxes for that year discover that the projected income was incorrect and they were not entitled to the full amount of the subsidy they took? Will there be a penalty or interest payments due for guessing the income incorrectly?"**

People receiving premium tax credits will be subject to a reconciliation process when they file their taxes. They may be subject to pay back tax credits that were incorrectly paid to them in advance.

**43. What is planned for Long Term Support Services (LTSS) and senior care options for elders and persons with disabilities?**

There are no MAGI changes related to these benefits.

**44. Will people be able to see the results of the information they entered at the end of the process or will folks have to wait for a letter with the results?**

The applicant will get their results in real time, at the end of the process.

**45. If a senior does not file income taxes due to low income, how do we calculate adjusted gross income?**

Seniors are not subject to the MAGI methodology. They will continue to have their income and assets counted as they are today. However, if the senior does not qualify for Medicare and who may qualify for a premium tax credit, they will need to file taxes for the year in which they are seeking benefits.

**46. In regards to same-sex marriages. Federal laws don't recognize them so how does the household composition get looked at?**

The Supreme Court ruled on June 26, 2013 that DOMA is unconstitutional. Therefore, same-sex marriages in states who recognize them will now be looked at the same as opposite-sex marriages and the same MAGI household composition rules will apply.

**47. When applying electronically for a family, would we be putting in two applications or one application and if one application would the system would automatically separate them?**

One application should be submitted for a family. The directions on the application will outline who should apply together.

**a. Also when they have to pay premiums will it be for the family or individual members?**

It's a family premium, calculated the same as it is today. Slide 25 describes premium calculations for MassHealth following today's current family group rules.

**b. In slide 25, where Ben's Medicaid MAGI household includes all five people in it, is it because he meets a Medicaid MAGI exception?**

Yes, because Ben meets a Medicaid MAGI exception, specifically that he lives in a household with both his parents who do not file their federal taxes jointly so is only being claimed by one parent, then all the parents and siblings under age 19 he lives with are included in his Medicaid MAGI household.

**48. Can the tax credits be taken monthly or can they take it at the end of the year and if they take it monthly will it help with their premium payment?**

Tax credits can be taken monthly to help with the premium payment, can be taken at the end of the year, or in a combination of the two. An individual has the ability to increase or decrease their premium tax credit depending on their situation; for example, somebody may be a seasonal worker and knows that they're not going to be working throughout the summer they may opt to take more tax credit during those months and decrease the tax credits during the other months to help with their own situation.

**49. The people that are going to be applying for this would be the same group that would be eligible for Commonwealth Care or Medical Security Program right? And MassHealth?**

Anyone under 400% FPL can apply for subsidized health benefits. If they are over 400% they should still be able to purchase a QHP without a subsidy. This includes people of all of today's coverage types.

**50. On slide 25 where Bill and Karen were under 150% FPL and eligible for MassHealth Standard, which has no premium, and other household members are above 150% and in Family Assistance, what will the premiums be?**

If Ben's income is over 150% FPL and below 300% FPL so he's in Family Assistance, we wouldn't charge a premium. We take the child with the lowest FPL percentage in the Premium Billing Family Group (like today's family group) and base the premium on that FPL.

**51. On slide number 5 where it says non-filers information rules similar to current MassHealth household composition rules. Does that mean if you don't file taxes you're looking at a household size versus a family with the way you have it explained on the last two slides?**

On slide five we talk about non-filers using relationship rules. That's what we've been referring to – the way MassHealth composition is done today. We look to see who lives together in the same family and how they're related to each other so what we're going to do is default to basically the current MassHealth rules. So if you don't file there's really no tax household to look to so if you want to look to one of the slides at the end – like slide 23 the current household would be Bob, Hope, Larry, Mike and John. The MAGI would be Bob, Hope, Larry, Mike and John so if they didn't file taxes the household would be the same based on who they are living with and their relationship with each other.

**52. 19 year olds are living in the house, parents are living in the house – they're over 65. Do you include them in the application even though they are over 65?**

The parent is over 65 and the child is over age 19 and they claim the child on their tax return. I think at this point you could include them on the application and if there was an issue – the system is going to look to how they file taxes and what their relationships are to each other from a household standpoint and if need be we could separate them and ask for further information so you could probably put them on one application.

And just to add to that for the premium tax credit even if you don't put them on the application the tax household will be used to calculate what somebody's income is – at least for premium tax credit purposes so if you don't want to apply for your 66 year old mother, who you claim as a dependent on your tax return, because she has Medicare or she already has some other insurance that's fine, but she would be used for the household composition to determine MAGI.

**53. How will the homeless population retain coverage when they are in flux and moving from place to place? Is there any way the state will know that this person is homeless and maybe not drop their coverage as quickly?**

There is a question on the application indicating if somebody's homeless so that we can go ahead and work with the agency that may be helping that person file paperwork on their behalf. I did want to let you know that as we move ahead with ACA there are plans to include a similar type of question.

**54. On household composition if we have a couple that's not married and they have common children – now the child is 19 years old, now he's on his own, now he's on his own MassHealth case. When they go to do the review, do they continue to do the review together or do they have to do it separate now because he's on his own now?**

They would do separate review forms. It depends on how they file taxes. If they file taxes and he's still claimed then he would still be included on the form. If he's over the age of 19, he's on his own, he files his own taxes then he would do his own separate review form.

**55. At the age of 19 all the applicants have to apply on their own right? That's always been the process.**

It's a little different now because of the fact that someone can be claimed as a dependent and if they're claimed by their parents that's kind of where the difference comes in the new world.

I just want to point out that for filing reviews continue to do what you're doing for those reviews now. Starting in October there are some members who need to transition if they're going to lose Commonwealth Care and those individuals will be instructed to file on the new system and complete an application and everything like that so at that time that would be when you want to provide the tax household, but for MassHealth reviews as you continue to receive them. They're going to look the same, everything's going to be the same, just continue to do what you're doing for the time being.

**56. Let's say I have a married couple, they separated but last year's income taxes show them together. Will there be some kind of way, they no longer live together, but they filed for 2012. Let's just say it's**

**2013 and 2014 is there going to be a way to say yes we filed income taxes, but no longer living together.**

One of the things at least from the MassHealth perspective, we'll follow up for premium tax credit. We're going to look to tax data to try to verify some of these things, but obviously in this situation circumstances have changed in the family so we're not going to be beholden to how they filed last year so if the tax data comes back showing married, living together and somebody self-attested to the fact that that's not the case anymore that's the purpose of reporting to us.

**57. Will I lose my health insurance if he doesn't file and we're separated? A lot of people are concerned because when they are getting divorced they are waiting for their husband or their ex-spouse to file income taxes. They can stay on MassHealth. Will they fall under the MassHealth rule or she might have income of her own now. How are we going to do that, I don't know how we're going to keep one on one and not on the other.**

For MassHealth we're looking at the monthly income and current situation. They are going to ask about this year but how you expect to file for next year. If it changes, then you can come back and report that.

**58. There will always be an appeal process they can go through. There has to be some kind of appeal process where they can prove with paperwork or whatever, correct?**

Right. Eligibility determinations are appealable. Any decision that is granted by either the Connector or MassHealth will be an appealable decision. MassHealth will use what their current income is so if that person is no longer with that spouse that would impact what they have for current income. For premium tax credits, because it is based on their tax household if they are still married when they are claiming the tax credit, then it is possible that we would be using the other to consider what their MAGI is. However if they expect to no longer be together in the year they are receiving that credit then we would assume that they are not together so it really would be dependent on the year in which they file and what they expect to happen.

**59. You keep saying the Connector – are we going to use that word or are we going to use a different word?**

The Connector will be the Health Connector and the Connector will administer the qualified health program. Today we administer Commonwealth Choice and Commonwealth Care but those two programs will sunset. The qualified health plans and the small business programs will be what we administer through the exchange.

**60. How will this affect someone who has relocated to Massachusetts because we have that quite a bit?**

ACA does stick with status quo around the requirement that somebody be a Massachusetts resident to be eligible for QHP or be eligible for MassHealth so that remains the same.

- a. We do have a lot of people, many, many people who relocate from another state here and the first thing they want to do is apply for the insurance because they know that that's a requirement of Massachusetts.**

That's a good point. ACA sticks to the resident requirement but as the Affordable Care Act rolls out there is that individual mandate for each state, but we've already had that in place for some time.

- b. In terms of income what would you use? The taxes?**

We would continue to look for tax data if it was available. Again if that didn't verify what their current circumstance was and we didn't have any state resources for verification we would send a request for paper verification.

**61. If the patient is living at home and he's 19 years old and his parents still claim him on their tax return. Would the application be under the parents or the 19 year old? If they are claiming him on the tax return?**

The application should be under the parents and should include the 19-year old dependent they are claiming.

**a. So you would actually combine the two incomes together; the parents and the applicant.**

Yes, in determining eligibility the 19 year old's MassHealth MAGI income would include both his/her income (if he/she is required to file a tax return) and the income of the parent's claiming him/her as a dependent. For the parents both their income and the income of their 19-year old dependent (if he/she is required to file a tax return) would count.

**b. We would not include the demographics of the parents or any other children in the household, correct?**

We would need the demographics of the parents, although they are not required to provide a Social Security number if they are not applying for benefits.

**62. If a parent comes in to apply for themselves, what's the age group of the cutoff that you would not include a child on the application? As long as they're on the tax returns you have to include everybody, is that what you're saying?**

Yes, as long as they're on the tax return you have to include everybody, as long as they're living together, and as long as they're on the tax return.

**63. If the MAGI match has a household, the father works and yet the parents are separated – last year they might have filed together, but it's a different address than what the mom is living right now. Would that be sufficient to show she's no longer with him or no? If the address is different than the tax return?**

In regards to the MassHealth application when you apply you need to put where your current address is. If it's different than what we get from the IRS match that's not going to knock somebody out. If it's going to be different we're going to say we couldn't get a match we might ask you for verification, but if that's what they're attesting to: that's where they currently live there are some other data sources besides tax data that we might look to, but that should suffice for MassHealth purposes because we're looking at the current monthly income and currently monthly situation.

As far as proof goes for what income and residency will look like. If the person says on their application I'm no longer with this person and I only have my own income. If that person is still filing taxes jointly and will be filing taxes together with person in the year in which they receive tax credit it could still impact their benefit, but if they're claiming and saying you know what in that year I'm no longer going to be with this person. We're not going to file taxes jointly because we'll be divorced we can receive verification on that from the applicant and we would provide benefits to them based on that they are attesting to on that so we would use verification by that applicant to confirm what the new situation is.