

# Washington Apple Health (Medicaid)

## Guide to MAGI Methodology

### Income of Tax Dependents and Children Age 18 and Younger

For federal tax purposes, the Internal Revenue Service (IRS) only requires individuals to report income of tax dependents on their taxes if it meets or exceeds yearly threshold amounts.

This amount is also different depending if the income is earned or unearned income. For example the tax filing threshold requirements for earned income is much higher than unearned income. This amount may change each tax year.

For the most up to date tax filing threshold amounts, it is best to find the most recent IRS publication at: [www.irs.gov](http://www.irs.gov) or to consult a tax professional.

### How Does this Affect Apple Health Eligibility?

Income of tax dependents and children age 18 and younger is only counted towards Washington Apple Health (Medicaid) eligibility when it meets or exceeds the tax filing threshold requirements as shown in the chart below. This rule applies regardless of whether the individual actually files a tax return or not.

If the income does meet or exceed the threshold, it is only counted in the medical assistance units that includes the child or tax dependent.

Tax Filing Threshold Limits	
Income Type	Yearly Limit
Unearned Income	\$1,050
Earned Income	\$6,300
Both Earned/Unearned Income	The larger of \$1,050 or earned (up to \$5,950) plus \$350

### Social Security Income

Social Security income is an exception and is not counted for tax dependents or children age 18 or younger for Apple Health eligibility. The tax filing threshold for Social Security income is very high and would never affect these individuals.



## Applying for Coverage through Washington Healthplanfinder

**When applying for coverage, Washington Healthplanfinder asks that individuals only report income of a tax dependent or children age 18 or younger if it meets or exceeds the tax filing threshold (excluding Social Security benefits).**

Typically, individuals are asked to report their current income when applying for coverage, however, they should think differently about entering the income of their tax dependents and children age 18 and younger. They should estimate their anticipated income for the calendar year and determine if it will meet or exceed the threshold or not. **If it does not meet or exceed the threshold, or it is Social Security income, this income should not be reported.** Income of tax dependents and children age 18 and younger that exceeds the threshold should be reported.

**Important:** If income is reported in Washington Healthplanfinder, it will be counted.

The best way to understand this concept is to take a look at some real life examples.

Examples	
<b>Example 1</b>	Tax Dependent Income
<b>Example 2</b>	Non-Filer Household
<b>Example 3</b>	Child Claimed By Grandparent
<b>Example 4</b>	Anticipated Income of Dependent Exceeds Threshold

\*Please note, in these examples, only income is taken into consideration as we assume that all other factors of eligibility are satisfied including citizenship/immigration status, residency, etc.

### Example 1: Tax Dependent Income

In December, Ronald is applying for coverage for himself and his 18 year old tax dependent Zoe, a full-time student. Ronald applies as head of household. He has lost his job and is receiving \$200 per week in unemployment benefits. Zoe is working a seasonal job during the holidays to help make ends meet. This is her first job this year. She is going to make roughly \$600 over the course of the holidays.

#### Applying for coverage in Washington Healthplanfinder

Ronald anticipates that Zoe's total income for the year is \$600. Because this amount is below the tax filing threshold, he does not enter her income into Washington Healthplanfinder, even though she is currently working. He answers "No" to the question that asks anyone in his household is currently employed.



Are you or someone in your household currently employed not including any self-employment? (see question below for self-employment) \*  YES  NO

Ronald will answer “Yes” to the question that he is receiving unemployment benefits.

Do you or someone in your household expect to receive unemployment income this month? \* ?  YES  NO

Ronald Dahl

Zoe Z Dahl

On the following page in Washington Healthplanfinder, he will be prompted to enter the in the amount he is currently receiving in unemployment benefits.

**Unemployment Income** ⓘ

Ronald Dahl

UNEMPLOYMENT AMOUNT \* ⓘ  FREQUENCY \* ⓘ

Behind the scenes, Washington Healthplanfinder calculates the income for the household and determines both Ronald and Zoe are eligible for Apple Health coverage.

**Eligibility Status**

You applied for free or low-cost health insurance coverage. To see Eligibility Status details per household member click each name below.

<p><b>Ronald Dahl</b></p> <p>✓ APPROVED</p> <p>Household: Primary Applicant Coverage: WAH - Adult Start Date: 12/01/2016 End Date: 11/30/2017</p>	<p><b>Ronald Dahl</b> ✓ APPROVED</p> <p> <b>Washington Apple Health Adult</b> Ronald Dahl has been enrolled in Washington Apple Health Adult Coverage. <a href="#">Why this result?</a></p>		
<p><b>Zoe Z Dahl</b></p> <p>✓ APPROVED</p> <p>Household: Child Coverage: WAH - Kids Start Date: 12/01/2016 End Date: 06/30/2017 <a href="#">View Details</a></p>	<p>Coverage Start Date</p> <p>12/01/2016</p>	<p>Coverage End Date</p> <p>11/30/2017</p>	<p>Renewal Information</p> <p>Ronald Dahl will need to renew coverage by 11/30/2017. We will contact you with more information when it's time to renew.</p>



## Eligibility Service Determination

Eligibility determinations for each member of the application are based on each individual's medical assistance unit and total countable income. See WAC [182-506-0010](#) and [182-506-0012](#).

Medical Assistance Units		
Individual	Tax Filing Status	Countable Income
Ronald	Head of Household	\$860.00 Unemployment
Zoe	Tax Dependent	\$0.00
Total Income		\$860.00
FPL Conversion		86.8%
5% Income Disregard		81.8%
Eligibility Outcome	Washington Apple Health for Adults Washington Apple Health for Kids	

If Ronald's household income increases over \$150 per month and is expected to last longer than 30 days, he is expected to report it. For example, if Zoe decides get a job next year and expects to earn more than the threshold amount or Ronald returns to work, Ronald is required to report the change.

### Example 2 – Non-filing Household

Rita and her son Seth, who is 16 years old, are currently living with family. Rita is unemployed and Seth is working part time at Starbucks, making \$150 per month while he goes to school. Both Rita and Seth are non-filers for the current tax year.

Rita anticipates that Seth will not make enough from Starbucks this taxable year to meet the tax filing threshold as he will only be working part time while he attends school.

### Applying for coverage in Washington Healthplanfinder

In Washington Healthplanfinder, Rita states that no one in her household is currently employed, as she is not currently making any income for herself or any countable income for Seth.

Are you or someone in your household currently employed not including any self-employment? (see question below for self-employment) \*  YES  NO

Based on their attested income of \$0.00 per month, Washington Healthplanfinder determines that both Seth and Rita are both eligible for Apple Health coverage.

### Eligibility Status

You applied for free or low-cost health insurance coverage. To see Eligibility Status details per household member click each name below.

Rita House

APPROVED  
 Household: Primary Applicant  
 Coverage: WAH - Family  
 Start Date: 12/01/2016  
 End Date: 11/30/2017  
[View Details](#)

Seth House

APPROVED  
 Household: Child  
 Coverage: WAH - Kids  
 Start Date: 12/01/2016  
 End Date: 11/30/2017

Seth House  APPROVED

 **Washington Apple Health Kids**  
 Seth House has been enrolled in Washington Apple Health for Kids Coverage. [Why this result?](#)

Coverage Start Date	Coverage End Date	Renewal Information
12/01/2016	11/30/2017	Seth House will need to renew coverage by 11/30/2017. We will contact you with more information when it's time to renew.

### Eligibility Service Determination

Eligibility determinations for each member of the application are based on each individual's medical assistance unit and total countable income. See WAC [182-506-0010](#) and [182-506-0012](#).

### Medical Assistance Units

Individual	Tax Filing Status	Countable Income
Rita	Non-filer	\$0.00
Seth	Non-filer	\$0.00
Total Income		\$0.00
FPL Conversion		0.0%
5% Income Disregard		0.0%

Eligibility Outcome	Washington Apple Health for Adults
	Washington Apple Health for Kids

### Example 3 – Child Claimed by Grandparent

Barbara is single filing taxes and claims her 8 year old granddaughter, Lily, as a tax dependent. Barbara has sole custody of her Lily. Barbara and Lily both receive social security income. Barbara receives \$2,500 per month in retirement and Lily receives \$800 per month in survivor’s benefits.

#### Applying for coverage in Washington Healthplanfinder

In the system, Barbara will answer “Yes” to the question to indicate that both she is receiving social security benefits. She does not report Lily’s social security benefits as these are exempt.

Do you or someone in your household receive social security or railroad retirement benefits? \* ?  YES  NO

Barbara Jones

On the next page in Washington Healthplanfinder, the amounts that each receives each month can be entered:

**Social Security Income/Railroad Retirement Income** ?

Barbara Jones

GROSS MONTHLY AMOUNT \* ?    TYPE \* ?

    ▼

Once the application is submitted, Washington Healthplanfinder determines the Lily is eligible for Apple Health for Kids and Barbara is eligible to purchase a plan.

## Eligibility Status

You applied for free or low-cost health insurance coverage. To see Eligibility Status details per household member click each name below. A summary of any tax credit your household is eligible for is available at the bottom of this screen.

Barbara Jones

✓ APPROVED

Household: Primary Applicant

Coverage: QHP

Start Date: 12/01/2016

End Date: 12/31/2016

[View Details](#)

Lilly Hanson

✓ APPROVED

Household: Grand Child

Coverage: WAH - Kids

Start Date: 12/01/2016

End Date: 11/30/2017

Lilly Hanson

✓ APPROVED



Washington Apple Health Kids

Lilly Hanson has been enrolled in Washington Apple Health for Kids Coverage. [Why this result?](#)

Coverage Start Date

12/01/2016

Coverage End Date

11/30/2017

Renewal Information

Lilly Hanson will need to renew coverage by 11/30/2017. We will contact you with more information when it's time to renew.

## Eligibility Service Determination

Eligibility determinations for each member of the application are based on each individual's medical assistance unit and total countable income. See WAC [182-506-0010](#) and [182-506-0012](#).

### Medical Assistance Unit – Barbara

Individual	Tax Filing Status	Countable Income
Barbara	Head of Household	\$2,500.00 Social Security
Lily	Tax Dependent	\$0.00
Total Income		\$2,500.00
FPL Conversion		184.7%
5% Income Disregard		179.7%
Eligibility Outcome – Barbara	Qualified Health Plan – Over Income for Washington Apple Health	

## Medical Assistance Unit - Lily

Individual	Tax Filing Status	Countable Income
Lily	Tax Dependent treated as a Non-Filer	\$0.00
Total Income		\$0.00
FPL Conversion		0.0%
5% Income Disregard		0.0%
Eligibility Outcome – Lily	Washington Apple Health for Kids	

### Example 4 – Anticipated Income of Dependent Exceeds Threshold

Bess and John are married filing jointly. They claim their 16 year old son Bobby as their tax dependent. John is working for a construction company and making a salary of \$3,000 per month, and Bess is self-employed and nets \$400 per month. Bess also has a deduction for paying self-employment tax of \$40.00 per month.

Bobby works part time at Safeway while he attends school. During the summer months, Bobby works almost full time and earns more money, but during the school months, Bobby earns less. During the month of December when the family applies for coverage, Bobby is only making about \$200 a month while he attends school. The family knows Bobby's income requires them to meet the tax filing threshold for the taxable year.

#### Applying for coverage in Washington Healthplanfinder

When applying for coverage, the family indicates that John, Bess, and Bobby all have income:



### Household Income

Are you or someone in your household currently employed not including any self-employment? (see question below for self-employment) \*  YES  NO

Bess Thompson

John Thompson

Are you a public employee (do you work for a municipal, city, county, state government? Or as an employee of a public education system?) \*

YES  NO

Bobby Thompson

Are you a public employee (do you work for a municipal, city, county, state government? Or as an employee of a public education system?) \*

YES  NO

Are you or someone in your household currently self-employed? \*  YES  NO

Bess Thompson

John Thompson

Bobby Thompson

Under the deductions section, they also indicate that Bess pays self-employment tax:

Do you or someone in your household pay self-employment tax? \*  YES  NO

Bess Thompson

John Thompson

Bobby Thompson

On the following page in Washington Healthplanfinder, each member of the household is prompted to enter in the amounts of their current income. John enters in his employment income from the construction company that he works at.



**Employment Income**

**John Thompson**

GROSS MONTHLY AMOUNT \* ⓘ  
\$ 3,000.00

EMPLOYER NAME \*  
ABC Construction

EMPLOYER ADDRESS LINE 1 \*  
567 Industry Drive

EMPLOYER ADDRESS LINE 2

EMPLOYER CITY \*  
Lacey

EMPLOYER STATE \*  
Washington ▼

ZIP \*  
98513

COUNTY  
THURSTON ▼

DID YOUR EMPLOYER GIVE YOU A CHANCE TO SIGN UP FOR HEALTH INSURANCE THAT MEETS THE MINIMUM VALUE STANDARDS OF THE AFFORDABLE CARE ACT? \* ⓘ  
 YES  NO

(Note: Your answer to this question will only be used to check your eligibility for Health Insurance Premium Tax Credits.)

They enter in Bobby's current income from Safeway. He is anticipating to make this amount until school is out in the summertime.

**Bobby Thompson**

GROSS MONTHLY AMOUNT \* ⓘ  
\$ 200.00 | ✕

EMPLOYER NAME \*  
Safeway

EMPLOYER ADDRESS LINE 1 \*  
987 Harrison Ave

EMPLOYER ADDRESS LINE 2

EMPLOYER CITY \*  
Olympia

EMPLOYER STATE \*  
Washington ▼

ZIP \*  
98504

COUNTY  
THURSTON ▼

DID YOUR EMPLOYER GIVE YOU A CHANCE TO SIGN UP FOR HEALTH INSURANCE THAT MEETS THE MINIMUM VALUE STANDARDS OF THE AFFORDABLE CARE ACT? \* ⓘ  
 YES  NO

(Note: Your answer to this question will only be used to check your eligibility for Health Insurance Premium Tax Credits.)



They enter the net self-employment income that Bess receives on a monthly basis. This is the income received after all the business expenses allowed per the IRS.

### Self Employment Income <sup>?</sup>

Please enter the current estimated net monthly income (profits once business expenses are paid) from self-employment. <sup>?</sup>

**Bess Thompson**

TYPE OF COMPANY \*  
Sole Proprietor

NAME OF COMPANY \*      NET MONTHLY AMOUNT \* <sup>?</sup>  
Flowers by Bess      \$ 400.00 | X

The household is also prompted to input the monthly amount of self-employment tax deductions for Bess.

### Deductions

**Bess Thompson**

Self-Employment Tax <sup>?</sup>  
MONTHLY AMOUNT \*      \$ 40.00 | X

Based on the income provided when the application is submitted, Washington Healthplanfinder determines that Bess and John are eligible to purchase plans and Bobby is eligible for Apple Health for Kids.

## Eligibility Status

You applied for free or low-cost health insurance coverage. To see Eligibility Status details per household member click each name below. A summary of any tax credit your household is eligible for is available at the bottom of this screen.

1 You have 1 household member(s) with additional action required. Please review for more information.

### Bess Thompson

APPROVED  
Household: Primary Applicant  
Coverage: QHP  
Start Date: 12/01/2016  
End Date: 12/31/2016  
[View Details](#)

### John Thompson

APPROVED  
Household: Spouse (including same sex marriage)  
Coverage: QHP  
Start Date: 12/01/2016  
End Date: 12/31/2016  
[View Details](#)

### Bobby Thompson

APPROVED  
Household: Child  
Coverage: WAH - Kids  
Start Date: 12/01/2016  
End Date: 11/30/2017

### Bobby Thompson

APPROVED



Washington Apple Health Kids  
Bobby Thompson has been enrolled in Washington Apple Health for Kids Coverage. [Why this result?](#)

Coverage Start Date	Coverage End Date	Renewal Information
12/01/2016	11/30/2017	Bobby Thompson will need to renew coverage by 11/30/2017. We will contact you with more information when it's time to renew.



**Next Steps for Bobby Thompson**  
Starting 12/01/2016 Washington Apple Health for Kids Coverage will cover Bobby Thompson. Click 'Next' to see Washington Apple Health Managed Care Plan options.

## Eligibility Service Determination

Eligibility determinations for each member of the application are based on each individual's medical assistance unit and total countable income. See WAC [182-506-0010](#) and [182-506-0012](#).

## Medical Assistance Units

Individual	Tax Filing Status	Countable Income
John	Married Filing Jointly	\$3,000.00 Wages
Bess	Married Filing Jointly	\$400.00 Self-Employment \$40.00 Deduction
Bobby	Tax Dependent	\$200.00 Wages
Total Income		\$3,560.00
FPL Conversion		209.4%
5% Income Disregard		204.4%
Eligibility Outcome	Qualified Health Plan – Over Income for Washington Apple Health Washington Apple Health for Kids	



**Additional Resources:**

[42 CFR 435.603 – Application of modified adjusted gross income \(MAGI\)](#)

[WAC 182-509-0360 – How the income of a child age eighteen or younger or a tax dependent is counted](#)

[Apple Health eligibility manual – MAGI Program Requirements - Income](#)

[www.irs.gov](http://www.irs.gov)