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Agency of Human Services

MEMORANDUM

To: Rep. Lippert, Chair, House Committee on Health Care

From: Steven M. Costantino, Commissioner, Department of Vermont Health Access

Cc: Hal Cohen, Secretary, Agency of Human Services

Date: January 13, 2016

Re: Financial Eligibility for Medicaid for Children and Adults Using MAGI-based Methodology

This memorandum is in response to the request for information from the House Committee on Health Care on January 13, 2016 regarding Medicaid eligibility determination using modified adjusted gross income (MAGI).

Financial eligibility for Medicaid for Children and Adults (MCA) uses a methodology that is based on MAGI. The Affordable Care Act prohibits the use of an asset test for this population.

Modified Adjusted Gross Income

adjusted gross income per federal income tax return (1040)
+ foreign earned income
+ tax-exempt interest income
+ Social Security benefits
= MAGI

For MCA, MAGI is further adjusted based upon certain income exceptions, (e.g., various American Indian/Native American payment exceptions and certain scholarships).

Eligibility for an individual using this MAGI-based methodology is determined based on a comparison of that individual's household's MAGI-based income to the maximum income standard for the household size plus a disregard of 5% of the federal poverty level for that household size (e.g., instead of 133% (for the expanded adult population) the comparison is to 138%).

The financial eligibility determination is not made solely from data on the individual's tax return. Income reported by the individual at the time of application is compared to information from the individual's 1040. Eligibility is based on the individual's current circumstances.

If information on the application is not "reasonably compatible" with the information on the tax return, steps are taken to resolve that inconsistency. If the inconsistency cannot be resolved with the data sources that are available, then the individual will be asked to provide documentation or otherwise resolve the inconsistency within 90 days.
