

DATE: May 19, 2014

OPERATIONS MEMORANDUM #14-05-01
Medicaid

SUBJECT: Changes to the Application of the Five Percent Income Disregard for Modified Adjusted Gross Income (MAGI)

TO: Executive Directors

FROM: Tom Strickler
Director
Bureau of Operations

PURPOSE

To inform County Assistance Offices (CAOs) of the policy changes regarding the five percent income disregard that is applied to MAGI-related Medical Assistance (MA) determinations, effective May 21, 2014.

BACKGROUND

Under the Affordable Care Act (ACA), individuals reviewed for MA under MAGI methodology are eligible for a five percent income disregard based on 100 percent of the Federal Poverty Limit (FPL) if the individual's countable income is over the applicable income limit. Per clarification received from the Centers for Medicare and Medicaid Services (CMS), Pennsylvania's Department of Public Welfare (DPW) is revising its application of the five percent income disregard for MAGI-related MA.

DISCUSSION

If an individual being evaluated for MAGI MA is found to have income over the applicable income limit, a five percent disregard based on the 100 percent FPL is applied to the countable income. Previously, DPW issued policy ([Ops 13-09-04](#)) to calculate the five percent disregard based on the applicable income limit for each MAGI budget group.

CMS issued guidance to DPW indicating that the five percent must be calculated using the 100 percent FPL, for ALL MAGI MA determinations.

The information in this Ops Memo replaces the previous information regarding the five percent disregard in [Ops 13-09-04](#).

Please refer to [Attachment 1](#) for an updated chart containing all MAGI FPLs and the new five percent disregard amounts.

NEXT STEPS

1. Share and review this information with appropriate staff members.
2. Please contact your Area Manager if you have questions regarding this Operations Memorandum.
3. This Operations Memorandum becomes obsolete upon release of revised Handbook changes.