

Policy Clarifications – Medicaid - All PMA 17039-350 REVISED 7/25/14

Submitted: Agency: CAOs

Subject: Social Security Retirement, Survivor's, Disability Insurance (RSDI) Income of Tax Dependents for Modified Adjusted Gross Income (MAGI) based Medical Assistance (MA) determinations.

Question:

Is Social Security RSDI received by a tax dependent/child countable for MAGI based MA determinations?

Response by: Division of Health Services

If the tax dependent/child has no other source of income and resides with a parent (biological, step, adopted), the Social Security RSDI income is excluded. RSDI of a tax dependent/child is countable only if the tax dependent/child has OTHER income that meets the IRS tax filing threshold for tax dependents or if the child does not reside with a parent.

If the tax dependent/child does not live with a parent, all of the child's income (including RSDI) is excluded when determining eligibility for the tax filer or caretaker. When determining eligibility for the child, all of the child's income (including RSDI) is counted, regardless of whether the child would be required to file a tax return.

Note: The filing threshold is applied based on whether the individual *should* file a tax return. If the individual does not file, the threshold still applies.

The current (2013) IRS tax filing thresholds for tax dependents are:

- \$6100 annually for EARNED income
- \$1000 annually for UNEARNED income

Note: RSDI does NOT count toward the unearned threshold.

Note: In some situations, an adult can be claimed as a tax dependent. Please refer to Attachment 4 of Ops 13-09-04 for detailed information about who can be claimed as a dependent.

eCIS currently counts all RSDI benefits for MAGI based MA determinations. For RSDI income that of a tax dependent/child that is not countable, the CAO must enter exclusion code "01-Exempt for Medical Assistance" for the RSDI income on the Unearned Income screen.

Note: If both MAGI and Non-MAGI MA are being evaluated and the RSDI would be countable for the Non-MAGI category, the RSDI should be data entered **without** the exclusion code. The MAGI MA budget must be built using a system override.

Please refer to the [Attachment](#) for examples.

This Policy Clarification supersedes all previous guidance regarding RSDI income for tax dependents/children.