

## Policy Clarifications – MA – All PMA17446312

**Submitted:** 2/20/2015

**Agency:** CAOs

**Subject:** Annualized Income for MA Budgets that use Modified Adjusted Gross Income (MAGI) to Determine Eligibility

**Question:** Can income be annualized for a MAGI eligibility determination?

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**Response By:** Division of Health Services

**Date:**

Yes. If the individual's monthly income exceeds the monthly income limit and the income is expected to decrease or terminate, the County Assistance Office (CAO) should perform an annualized calculation for MA budgets that use MAGI to determine eligibility.

The caseworker must manually calculate the annual income. To calculate the annual income amount, total all of the budget group's earned and unearned income for the calendar year beginning January 1 and ending December 31. Be sure to accommodate for any periods in which the individual will not be employed. Compare the annual total income to the applicable annual income limit. If the income is within the limit, data enter the earned and unearned income respectively with a frequency code of "9-Annually."

**Example:** Mary (37) is a single adult who applies for health care at her local CAO. She works part-time as a school bus driver. Her current monthly income of \$1,360 exceeds the 133% monthly income limit (even with the 5% income disregard applied) for health care coverage (1 person 2015 household limit is \$1,305 per month and the 5% disregard is \$49.05). However, Mary indicates that she does not work at all for the months of June, July and August each year. Her annual income beginning January 1 and ending December 31 would be \$12,240 (\$1,360 x 9 months). The 133% annual income limit for a one person household for 2015 is \$15,655. When her income is annualized, it is under the 133% annual limit and Mary is eligible for health care coverage. Data enter her wages as \$12,240 using the frequency code "9-Annually."

**Example:** John (46) is applying for healthcare for himself and his son, Doug (14). He submits his application to the CAO on June 29, 2015. John was working full-time up until this point. He had an accident at home and indicates that he will be out of work until October 1, 2015. John's monthly wages were \$2,000 per month and he received his most recent pay on June 26. He has verification from his employer that he will not receive another pay until he returns to work. John's income in the application month exceeds the 133% monthly income limit (even with the 5% income disregard applied) for health care coverage (2 person 2015 household limit is \$1,766 per month and the 5% disregard is \$66.40). His annual income beginning January 1 and ending December 31 would be \$18,000 (\$2,000 x 9 months). The 133% annual income limit for a two person household for 2015 is \$21,187. Both John and Doug would qualify for health care. Data enter John's income as \$18,000 annually using the frequency code "9-Annually."

**Note:** If other income is available to the individual or if an individual indicates that the income will stop due to an accident or injury, the individual is still required to pursue any potential income or benefits.