**Transition Policies and Procedures**

**Table of Contents**

**Section Page**

**Introduction**

1. **Eligibility Categories 3**
	1. MAGI Eligibility Categories
		1. 2013 Category Names and Income Standards (FPL %)
		2. 2014 Category Names and Income Standards (FPL %)
	2. Medicaid/CHIP MAGI Eligibility Standards
		1. 2013 Category Names and Income Standards (FPL %)
		2. 2014 Category Names and Income Standards (FPL %)
	3. Non-MAGI Eligibility Categories

i. 2013 Category Names and Income Standards (FPL %)

ii. 2014 Category Names and Income Standards (FPL %)

1. **Administration 6**
	1. Choices for methods of completing application
	2. Authorized Representatives
	3. Applying Without Delay
	4. New Application and Addendums
2. **Application Process 8**
	1. Submission of application
	2. Healthy Connections Citizen Portal
	3. Transfer of Denials to the FFM
	4. Applicants Determined Eligible for Full Benefits January 1, 2014 using MAGI rules
	5. Eligible for Family Planning Under Current Rules, Full Benefits January 1, 2014
	6. Assessing for Former Foster Care Coverage (PCat 61) for January 1, 2014 Eligibility
	7. Family Planning
		1. Current Rules
		2. MAGI Rules
3. **MAGI Methodology 11**
	1. Household Composition
	2. Examples
4. **Verification and Documentation 16**
	1. Non-financial Verifications
	2. Income Verification
		1. Verification of Income Under Current Rules
			1. Accounting for Child support
			2. Accounting for Child care
			3. Accounting for Resources
		2. Verification of Income under MAGI Rules
			1. Reasonable Compatibility
		3. Reported Income to be Accepted without Additional Verification
5. **Budgeting Income for MAGI Rules 21**
	1. What is counted
	2. Definitions
	3. Workbook Instructions
6. **Important Web Links 27**
	1. MAGI Workbook
	2. Job Aides

**Transition Policies and Procedures**

**Effective October 1, 2013 – December 31, 2013**

The policies and procedures outlined in this section describe Medicaid application and eligibility determination policies and procedures to be utilized from October 1, 2013 – December 31, 2013. During this time, for any policies not specifically described in this Transition Policy, refer to the South Carolina Medicaid Policies and Procedures Manual.

The Patient Protection and Affordable Care Act of 2010 require the use of new financial methodologies when determining Medicaid eligibility for some payment categories. This methodology redefines the financial household, eliminates the use of certain disregards and utilizes the tax filing status of an applicant.

During the Transition Period, the South Carolina Medicaid Program initiates the use of a new application with related policy and procedure changes. The Medicaid Program also initiates use of Modified Adjusted Gross Income (MAGI) eligibility determination methodology for January 1, 2014 eligibility for some applicants. MAGI methodology determines how income is counted and how household composition and family size is constructed when determining eligibility.

From October 1, 2013 – December 31, 2013:

1. The new Healthy Connections Applications (DHHS Forms 3400 and 3401) and associated addendums replace the current Medicaid application, DHHS Form 2800.
2. Medicaid applicants can now apply online via the Healthy Connections Citizens Portal (www.apply.scdhhs.gov) or via the federal website, the Health Information Marketplace (www.healthcare.gov). Applications from these two sources will automatically go into OnBase workflow.
3. Applicants in MAGI categories found to be ineligible for Medicaid under current rules will be assessed for Medicaid eligibility under the new MAGI rules. (Applicant must have applied using new application form or applied online.)
4. Applicants who apply (using the DHHS for 3400 or 3401 or online) in any category and are found ineligible for Medicaid using current or new rules will be transferred to the Federally Facilitated Marketplace (FFM) for their application to be considered for other insurance affordability programs and associated tax credits.

# Eligibility Categories

The following Tables summarize the MAGI and Non-MAGI Eligibility Categories, changes in income standards and rule for accounting for resources, effective for January 1, 2014 eligibility determination. The Tables also indicate any changes in category names, aligning the categories with those recognized by the Federally Facilitated Marketplace (FFM).

## Table 1: MAGI Eligibility Categories

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 2013 Category | 2013 FPL Limit | Resources Counted? | 2014 Category | 2014 FPL Limit | Resources Counted? |
| Optional Coverage for (Pregnant) Women/Infants (OCWI) | 185% | YES | **Pregnant Women and Babies** | 194% | NO |
| Family Planning | 185% | YES | **Family Planning** | 194% | NO |
| Partners for Healthy Children (PHC)\* | 200% | YES | **Children** | 208% | NO |
| Low Income Families (LIF) | 50% | YES | **Parent and Caretaker Relatives** | 62% | NO |
| Regular Foster Care-RFC | 50% | YES | **Regular Foster Care-RFC** | 62% | NO |
| Subsidized Adoption | 50% | YES | **Subsidized Adoption** | 62% | NO |
| N/A | N/A | N/A | **Former Foster Care up to age 26** | No financial test | NO |

## Table 2: Medicaid/CHIP MAGI Eligibility Standards

|  |  |  |  |
| --- | --- | --- | --- |
| 2013 Category | 2013 FPL Limit | 2014 Category | 2014 FPL Limit |
| Partners for Healthy Children (PHC)\* | 200% | **Children** | 208% |
| CHIP: |  |  |  |
|  Children 0-1 | 185% | **Children 0-1** | 194% |
|  Children 1-5 | 133% | **Children 1-5** | 143% |
|  Children 6-18 | 100% | **Children 6-18** | 133% |

## Table 3: Non-MAGI Eligibility Categories

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 2013 Category | 2013 FPL Limit | Resources Counted? | 2014 Category | 2014 FPL Limit | Resources Counted? |
| Aged, Blind and Disabled (ABD) | 100% | YES | **Aged, Blind and Disabled (ABD)** | 100% | YES |
| Specified Low Income Beneficiaries (SLMB) | 120% | YES | **Specified Low Income Beneficiaries (SLMB)** | 120% | YES |
| Qualifying Individual (QI) | 135% | YES | **Qualifying Individual (QI)** | 135% | YES |
| General Hospital (GH) | 300% | YES | **General Hospital (GH)** | 300% | YES |
| Nursing Home (NH) | 300% | YES | **Nursing Home (NH)** | 300% | YES |
| Katie Beckett (TEFRA) | 300% | YES | **Katie Beckett (TEFRA)** | 300% | YES |
| Home and Community Based Services (HCBS) | 300% | YES | **Home and Community Based Services (HCBS)** | 300% | YES |
| Qualified Disabled Working Individuals (QDWI) | 200% | YES | **Qualified Disabled Working Individuals (QDWI)** | 200% | YES |
| Working Disabled | 250% | YES | **Working Disabled** | 250% | YES |
| Optional State Supplementation (OSS) | $1,193 | YES | **Optional State Supplementation (OSS)** | $1,193 | YES |
| Transitional Medicaid (TMA) | 185% | NO | **Transitional Medicaid (TMA)** | Unknown | NO |
| Breast and Cervical Cancer Program (BCCP) | 200% | NO | **Breast and Cervical Cancer Program (BCCP)** | 200% | NO |

# Administration

All applications for Medicaid must be filed on a State Department of Health and Human Services approved application form, be legible, and should be completed online (apply.scdhhs.gov), by phone, in ink or by typing when possible. A signed and dated application provides a legal document that:

* Clearly signifies intent to apply;
* Puts the applicant on notice that he/she is liable for the truthfulness of the information on the application;
* May be introduced as evidence in court;
* Provides sufficient information to begin an accurate determination of eligibility; and
* Provides notice to the applicant of his rights and responsibilities.

The South Carolina Medicaid Policies and Procedures Manual, MPPM 101.04.02 provides instructions regarding unsigned applications. An electronic signature is valid for applications submitted through an approved on-line source, such as the Healthy Connections Citizen Portal or the Health Information Marketplace.

Authorized Representatives

Legal representatives (attorneys) acting as the Authorized Representative for the applicant/beneficiary through the application and appeals process must follow procedures currently outlined in the SC Medicaid Policies and Procedures Manual. (MPPM 101.02.02)

Applying Without Delay

An application must be taken immediately for any person who expresses a desire to apply. A clearly ineligible person may file an application that must be accepted and then denied.

The person must be allowed to complete the application online, in person, or submit the application by mail. If these application methods cannot adapt to the applicant’s needs, a telephone application can be conducted through contact with The Benefit Bank of South Carolina. An application is considered complete when it has enough information to determine eligibility.

* The date of when the signed application is received must be documented on the first page of the application if completed on paper; otherwise it is the date the application will be recorded in the Medicaid Eligibility Determination System (MEDS).
* All paper applications must be added to MEDS in pending status within three (3) working days of receipt.
* A face-to-face interview is not required; however, if an application filed online, in person or by mail is not complete, the Medicaid eligibility worker must contact the applicant within five (5) working days from the date of the request to obtain the required information. The eligibility worker can request a telephone or personal interview in order to obtain the information necessary to complete the eligibility determination. However, if the contact is by mail or e-email, the eligibility worker must retain the original application and mail a copy to the applicant requesting the missing information. The applicant cannot be required to complete another application form.
* If an applicant calls DHHS to request an application, the effective date of the application is the date on which the signed and dated application is received, NOT the date of the phone call.
* An unsigned application should never be discarded. If an unsigned application is received, it should be returned to the applicant with an explanation that it must be signed. No further action is required since an application is not valid until signed.
* The date a faxed application is received by the agency is considered the date of application.
* The date an online application is electronically signed and submitted to the agency is considered the date of application.
* The date a telephonic signature is received is considered the date of application completed over the telephone.
* Regardless of when the application is entered into the MEDS computer system, the date of application is the date the signed application was received, whether complete or incomplete.
* If an applicant needs to return any other information needed to make a decision, a written list must be sent to the applicant.
	+ The written list must give the applicant a deadline to return the information.

* + The DHHS Form 1233 ME, Medicaid Eligibility Checklist, is to be used to request additional information needed to determine eligibility.
	+ The request must be mailed or given to the applicant by the end of the business day following the day the completed application is received.

A completed application form must be on file for every applicant/beneficiary. Once a properly signed and dated application has been submitted, the Medicaid Eligibility Worker must not alter the application by adding, changing, or deleting any information. During an interview, an applicant can make changes to the information on an application. The change must be initialed by the applicant on any submitted paper application. Changes reported to the eligibility worker by any other means must be documented in the MEDS Notes screen.

The DHHS Form 3400, Healthy Connections Application, is the single streamlined application used to apply for Medicaid coverage. The DHHS Form 3400-01 is to be used to add additional household members to the application. For some specialty programs an addendum (DHHS Form 3400 A or B) may be needed to collect additional information needed for a specific eligibility category. A person applying only for Nursing Home, Waiver Services, or Optional State Supplementation may use the DHHS Form 3401, Healthy Connections Application for Institutional/Waiver/OSS, instead of the DHHS Form 3400. Any valid Medicaid application that is turned in must be accepted. Any additional information that is not contained on the submitted application required to process the application for a particular category must be requested from the applicant, but the applicant cannot be required to complete an additional application. A new application is not required for a current Medicaid beneficiary seeking assistance under another category. The eligibility worker must evaluate the application on file, and request any additional information needed to determine if the beneficiary meets the eligibility criteria for the new category.

**Exceptions:**

* Supplemental Security Income (SSI) recipients - Applications maintained by the Social Security Administration
* SSI recipients entering a nursing facility or the Home and Community-Based Services waiver program who will continue to qualify for SSI
* Title IV-E Foster Care beneficiaries
* Title IV-E Adoption Assistance beneficiaries

|  |  |  |
| --- | --- | --- |
| **Application Purpose** | **Application Title** | **SC DHHS Form Number** |
| Single Streamline Application | Healthy Connections Application for Medicaid and/or Affordable Health Coverage | 3400 |
| Form for additional household members to be added to application | Form for Additional Household Members | 3400-01 |
| Institutional Application  | Healthy Connections Institutional /OSS Application | 3401 |
| Institutional Addendum  | Healthy Connections Addendum for Institutional /Waiver Services | 3400B |
| Addendum for Non-Institutional SSI related programs  | Healthy Connections Addendum for Specialty Programs | 3400A |

# Application Process

Applications may be submitted by electronic means, in person, or by mail. All paper applications are to be scanned into OnBase. Locations for local eligibility offices may be found at [County Offices Contact Info](http://www.dhhs.state.sc.us/dhhsnew/DHHSCountyOffices.asp). Applications received via the Citizen Portal and the Federally Facilitated Marketplace (FFM) will automatically be uploaded to OnBase into the Curam Assessment queue. The Healthy Connections Member Service Center will receive calls from citizens who may be seeking assistance to complete the 3400 Healthy Connections paper application. Applicants who request assistance to complete the online application will be directed to the United Way Help Desk.

All efforts will be made to assist the applicant with the online or paper application. If necessary, requests to complete an application by telephone will be directed to The Healthy Connections Member Services Center.

 The Healthy Connections Citizen Portal will be active and functional for citizens to apply online. During this dynamic application process, the applicant who uses the portal to apply will receive real time communication about their potential eligibility for Medicaid, at which point they can submit their application. Once their application is submitted, Healthy Connections ACCESS will: 1) assess potential eligibility for exchange subsidies and send the account electronically to the FFM when applicable and; 2) produce a PDF of the application and send it to OnBase to have a determination done in MEDS for current eligibility. The PDF applications are to be reviewed by the eligibility worker to see if the person is clearly ineligible (e.g. standard includes households clearly over the income limit). Those clearly ineligible are sent to a Denial Queue. All others enter the OnBase/MEDS application workflow. The application will be processed in MEDS using current rules described in the South Carolina Medicaid Policies and Procedures Manual.

All “paper” applications will enter the MEDS workflow for current eligibility. The paper process mirrors the online process for the Healthy Connections Application for Medicaid and/or Affordable Health Coverage until a person is deemed ineligible under MAGI rules for January 1, 2014 eligibility. These applications will be entered into ACCESS so that their account can be transferred to the FFM.

Applications for applicants who are ineligible for Medicaid, based on January eligibility requirements, or who only qualify for Family Planning benefits are to be sent to the FFM Transfer email group (FFMTransfer@spmail.scdhhs.gov) for designated workers to enter into ACCESS. The following format should be used for this email correspondence:

* Subject of email: FFM Transfer
* Body: HH Number, First and Last Name as listed on Step 1 on DHHS Form 3400

**To be considered for eligibility under MAGI rules, the application must come from one of the following sources:**

1. **The DHHS Form 3400 paper application (mailed, completed in person or by phone)**
2. **Applications submitted via the Healthy Connections Citizen Portal (**[**apply.scdhhs.gov**](http://www.apply.scdhhs.gov)**)**
3. **Applications submitted via the Federally Facilitated Marketplace (Health Insurance Marketplace) (www.healthcare.gov).**

When eligibility is determined under new “MAGI rules for eligibility”, it should be annotated in the notes screen in MEDS.

**ELIGIBILITY DECISIONS (For detailed instructions go to Job Aids on the** [**Eligibility SharePoint site**](https://team.scdhhs.gov/OPS/EES/ACA%20%20Access%20Training/Forms/AllItems.aspx) **)**

**If Applicant is Eligible Under Current Rules:** If an individual is eligible for full Medicaid benefits, they will receive a MEDS notification of their approval.

**If Applicant is Ineligible Under Current Rules:** If the applicant is ineligible for full Medicaid benefits under current rules the worker will:

 1) Process the denial in MEDS allowing MEDS to send the denial notice for current eligibility, and, if the applicant falls under a MAGI Category,

 2) Use the MAGI workbook to determine January 1st eligibility using MAGI rules.

**If Applicant is Determined Eligible for Full Benefits January 1, 2014 using MAGI rules:**

For applicants eligible for full Medicaid benefits effective January 1st, the worker will:

1. Create the appropriate PCAT in MEDS using the “back door” method
2. Enter countable income of zero dollars ($0)
3. Annotate the NOTES screen
4. Adjust their eligibility start dates to January 1, and
5. Approve the application. MEDS will send the approval notice.

**If Applicant is Only Eligible for Family Planning Under Current Rules, Full Benefits under MAGI Rules (January 1, 2014 Eligibility):**

For individuals who are not eligible for full benefits under the current rules but are eligible under the current rules for Family Planning:

1. Approve the Family Planning PCAT in MEDS.
2. MEDS will send the approval notice.
3. The applicant must then be assessed for eligibility for a full benefit category under MAGI effective January 1, 2014.
4. If eligible for a full benefit category effective January 1, 1014, the Family Planning budget group must be closed effective 1/1/2014 with Reason Code 099 (eligible in another coverage group).
5. The worker will then create the appropriate PCAT in MEDS using the “back door” method, enter countable income of zero dollars ($0), annotate the NOTES screen, adjust their eligibility start date to January 1, and approve the application.
6. MEDS will send the approval notice.

If the applicant is not eligible for full Medicaid coverage effective January 1, 2014, annotate the MEDS notes screen to indicate that the application was reviewed for January eligibility. If application is a paper DHHS Form 3400 Healthy Connections or Health Insurance Marketplace application, virtually print the application and email to FFMTransfer@spmail.scdhhs.gov. Subject of email: FFM Transfer. Body of email should include: Household number, First and Last Name of applicant.

**Applicants Eligible for Family Planning Under MAGI Rules for January 1, 2014**

If the applicant not eligible for Family Planning under current rules but eligible for FP effective January 1st:

1. Create the FP PCAT in MEDS using the “back door” method
2. Enter countable income of zero dollars, annotate the NOTES screen, adjust their eligibility start dates to January 1, and approve the application.
3. MEDS will send the approval notice.

 If the application is a paper 3400 Healthy Connections or Health Insurance Marketplace application, virtually print the application and email to FFMTransfer@spmail.scdhhs.gov. Subject of email: FFM Transfer. Body of email should include: Household number, First and Last Name of applicant.

Members eligible in a MAGI category on December 31, 2013, will be converted into ACCESS. Applications for MAGI categories taken on or after January 1st will have their MAGI eligibility determined in ACCESS. MEDS will stay active for all MAGI categories until all pending MAGI applications and reviews are processed and those eligible converted into ACCESS. This conversion process for non-MAGI categories is scheduled for April 2014.

**Assessing for Former Foster Care Coverage (PCAT 61 as of January 1, 2014 – ACCESS System only)**

If the applicant is not eligible for full Medicaid benefits under current rules or under MAGI rules for January 1, 2014 in any other category:

1. Assess for eligibility under Former Foster Care Coverage.
	1. To qualify for Former Foster Care Coverage, the applicant must have been a Medicaid recipient in the State of South Carolina at the time they aged out of the Foster Care System.
	2. Applicants who report that they were eligible for Medicaid as a Foster Care Recipient in South Carolina at the time they aged out of Foster Care are to be verified by a MEDS search for prior eligibility under any PCAT with a living arrangement of Foster Home.
	3. The individual is eligible through the end of the month of their 26th birthday as long as they are a resident of South Carolina.

The new mandatory group for Former Foster Care will not have a corresponding PCAT in MEDS.

If the applicant is eligible for Former Foster Care coverage, the worker is to print and send a manual notice (**DHHS Form 4100** **Notice of Former Foster Care Medicaid Eligibility)** of their January 1, 2014 eligibility and annotate the MEDS notes screen. The manual notice should be virtually printed into OnBase. Eligibility will be set up for January 1st in ACCESS once the functionality is turned on (on or before January 1st).

For individuals who are determined eligible for Family Planning only under the current rules but determined eligible for Former Foster Care effective January 1st, the worker will have to close the Family Planning PCAT effective 1/1/2014 with Reason Code 099 (eligible in another coverage group).

Individuals determined eligible for Former Foster Care coverage based on a paper 3400 Healthy Connections or Health Insurance Marketplace application, virtually print the application and email to FFMTransfer@spmail.scdhhs.gov. The subject of the email should be: “Former Foster Care” and the Subject should include: Household Number and First and Last Name. If they are not eligible for Former Foster Care, annotate the MEDS notes screen to indicate that they were reviewed for January eligibility. The worker should determine if the applicant is eligible for Family Planning (FP) if they were not already determined eligible for Family Planning under the current rules.

# MAGI Methodology

 For applicants to be considered for Medicaid eligibility under a MAGI Eligibility Category (See Table 1) who do not qualify for Medicaid in any of these categories utilizing current rules as outlined by the South Carolina Medicaid Policies and Procedures Manual, the eligibility worker must assess for eligibility under “MAGI Rules”. The following steps must be taken: 1. Determine Household Composition and Income; 2. Complete necessary verifications as outlined in Section V. of this Transition Policy; 3. Evaluate for Financial Eligibility utilizing the MAGI Budget Workbook as outlined in Section VI.

**Definitions When Determining Household Composition**

**Custodial Parent:** In the event of a shared custody agreement, the custodial parent is **the parent with whom the child spends most nights**.

**A parent qualifies as a Non-Custodial Parent if:**

* **Unwed Parents:** (i) a custody agreement exists giving the other parent physical custody over the child; (ii) a custody agreement exists giving both parents custody, but the other parent has a greater amount of custody; or (iii) no custody agreement exists and the child spends most nights with the other parent[[1]](#footnote-2).
* **Separated Parents**: (i) a separation/custody agreement[[2]](#footnote-3) exists giving the other parent physical custody over the child; (ii) a separation/custody agreement exists giving both parents custody, but the other parent has a greater amount of custody; or (iii) no separation/custody agreement exists and the child spends most nights with the other parent.
* **Divorced Parents:** (i) a divorce/custody agreement exists giving the other parent physical custody over the child; (ii) a divorce/custody agreement exists giving both parents custody, but the other parent has a greater amount of custody; or (iii) no divorce/custody agreement exists and the child spends most nights with the other parent.

**Parent and Caretaker Relatives:** This includes any grand, great, or step of the following: grandparent, brother, sister, niece, nephew, aunt, uncle, first cousin, and cousins once removed who provide the majority of care for the relative.

## Household Composition

Construct a Medicaid/CHIP household for each applicant

* 1. Does the individual expect to file taxes?
		1. If no – continue to step B
		2. If yes – does the individual expect to be claimed as a tax dependent by anyone else?
			1. If no - the household consists of the taxpayer, a spouse living with the taxpayer, and all persons whom the taxpayer expects to claim as a tax dependent
				1. If the individual is pregnant, add the expected number of children to the tax household of the expectant mother only.
			2. If yes – continue to step B
	2. Does the individual expect to be claimed as a tax dependent?
		1. If no – continue to step C
		2. If yes – does the individual meet any of the following exceptions?
			+ The individual expects to be claimed as a tax dependent of someone other than a spouse or a biological, adopted, or step parent.
			+ The individual is a child under age 19 living with both parents, but the parents do not expect to file a joint tax return.
			+ The individual is a child under age 19 who expects to be claimed by a non- custodial parent?
			1. If no – the household is the household of the taxpayer claiming her/him as a tax dependent
				+ Is the individual married? If yes - the household also includes the individual’s spouse
				+ Is the individual pregnant? If yes- add the expected number of children to the expectant mother’s household only
			2. If yes – continue to step C
	3. For individuals who neither expect to file a tax return nor expect to be claimed as a tax dependent, as well as tax dependents who meet one of the exceptions in B.ii., the household consists of the individual and, if living with the individual--
		+ The individual's spouse;
		+ The individual's natural, adopted and step children under the age 19; and
		+ In the case of individuals under age 19, the individual's natural, adopted and step parents and natural, adoptive and step siblings under age 19.
		+ If the individual is a pregnant woman, add the expected number of children to the expectant mother’s household only.

**Figure 1. Medicaid Household Composition & Family Size Draft**

No

Yes

Yes

Yes

No

Note: Unborn children are included in the household size for the pregnant woman only. Also, married couples who live together are ALWAYS included in each other’s MAGI household regardless of filing status.

**End**

**End**

**End**

Does the individual expect to file a federal tax return for the taxable year?

**Start**

No

Does the individual expect to be claimed as a tax dependent?

The individual is a non-filer.

No

Does the individual expect to be claimed as a tax dependent?

Is the individual one of the following?

1. Someone other than the spouse or child (biological, adopted or step) of the taxpayer.
2. Under age 19 & claimed by a non-custodial parent.
3. Living with both parents who will not file a joint tax return.

The individual’s household size equals the household size of the taxpayer who claims the individual as a tax dependent.

The individual’s household size is the individual PLUS all of his/her tax dependents.

Note: Married couples filing a joint tax return are included in the household of the spouse – even if NOT living together

The individual’s household size consists of the individual and (if living with the individual):

1. The individual’s spouse
2. The individual’s children under age 19
3. If the individual is under age 19, the individual’s parents and siblings who are also under age 19

Yes

**Example: Mary & Family**

Mary is a working grandmother who claims her daughter Samantha, age 18, and granddaughter Joy (Samantha’s daughter), age 2, as tax dependents.

Mary’s MAGI household:

 Does Mary expect to file taxes? **YES**

 Does Mary expect to be claimed as a tax dependent by anyone else? **NO**

*The household consists of the taxpayer (Mary), a spouse living with the taxpayer (N/A), and all persons whom the taxpayer expects to claim as a tax dependent (Samantha & Joy). Therefore, Mary’s MAGI household consists of herself, Samantha, and Joy.*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **MAGI Household** | **Mary** | **Samantha** | **Joy** | **Family Size** |
| Mary | X | X | X | 3 |
| Samantha |  |  |  |  |
| Joy |  |  |  |  |

Samantha’s MAGI household

 Does Samantha expect to file taxes? **NO**

 Does Samantha expect to be claimed as a tax dependent by anyone else? **YES**

 Is Samantha the tax dependent of someone other than a spouse or a biological, adopted, or step parent? **NO** (Mary is her mother)

 Is Samantha a child living with both parents, but the parents do not expect to file a joint tax return? **NO**

 Is Samantha a child who expects to be claimed by a non-custodial parent? **NO**

*Because none of the exceptions apply, Samantha’s household is the same as the household of the taxpayer who is claiming her as a dependent (Mary). Therefore, Samantha’s MAGI household consists of herself, Mary, and Joy.*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **MAGI Household** | **Mary** | **Samantha** | **Joy** | **Family Size** |
| Mary |  |  |  |  |
| Samantha | X | X | X | 3 |
| Joy |  |  |  |  |

Joy’s MAGI Household

 Does Joy expect to file taxes? **NO**

 Does Joy expect to be claimed as a tax dependent by anyone else? **YES**

 Is Joy the tax dependent of someone other than a spouse or a biological, adopted, or step parent? **YES** (Mary is her grandmother)

*Because Joy falls into one of the exceptions, we need to look at the rules for non-filers to determine Joy’s household. The household would consist of the individual, Joy, plus the following:*

* + - * Spouse living with the individual (None)
			* Parents living with the individual (Samantha)
			* Siblings (under age 19) living with the individual (None)

*Therefore, Joy’s MAGI household consists of herself and Samantha.*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **MAGI Household** | **Mary** | **Samantha** | **Joy** | **Family Size** |
| Mary |  |  |  |  |
| Samantha |  |  |  |  |
| Joy |  | X | X | 2 |

# Verification and Documentation

Verification policy for MAGI and Non-MAGI Categories assessed for eligibility under current rules will follow current verification procedures as outlined in the South Carolina Medicaid Policies and Procedures Manual except for accounting for Child Support, Child Care and Resources (See “Verifying Income Under Current Rules” on page 17.) For individuals who fall in the MAGI Categories, if Medicaid is denied under current rules, they are to be assessed under MAGI rules and will follow the verification processes described below.

 Verification of Residency, Date of Birth (Age), Social Security Number, Citizenship and Identity, Immigration Status and receipt of Medicare benefits will follow the current Policies and Procedures outlined in the South Carolina Policies and Procedures Manual which mandate the use of self-report, the use of electronic verification sources when possible, and the use of paper documentation as a last resort.

**Verifications for Applications Submitted Online**

For applications submitted through the Healthy Connections Citizen Portal and processed by Healthy Connections ACCESS, verifications for Citizenship and Identity, Social Security Number, Incarceration, Unemployment Benefits and some wage benefits (available through South Carolina Department of Employment and Workforce) will automatically be verified electronically when possible through the Federal Hub and local electronic sources.

**Identity Proofing for Applications Submitted via the Online Citizen’s Portal (apply.scdhhs.gov)**

If the applicant’s identity cannot be verified remotely during the online application process, the applicant is required to provide one of the following documents either in person or via mail to the Medicaid office before eligibility can be authorized:

* Driver’s license issued by state or territory
* School identification card
* Voter registration card
* U.S. military card or draft record
* Identification card issued by the federal, state, or local government, including a U.S. passport
* Military dependent’s identification card
* Native American Tribal document
* U.S. Coast Guard Merchant Mariner card

If the applicant is unable to provide one of those documents, they may provide two of the following documents in person or via mail to the Medicaid office:

* birth certificate
* Social Security card
* marriage certificate
* divorce decree
* employer identification card
* high school or college diploma (including high school equivalency diplomas)
* property deed or title

**Verification of Pregnancy**

Self-report for pregnancy is to be accepted once per pregnancy.

**Verification of Household Composition**

Household composition is to be verified by self-report unless additional information is received from other sources such as the fraud hotline that the reported information is incorrect. In that case, paper documentation would be requested.

**Verification of Application for other Benefits**

Application for other benefits is verified by self-report.

**Verification of Former Foster Care Medicaid Eligibility**

Applicants who report that they were eligible for Medicaid as a Foster Care Recipient in South Carolina at the time they aged out of Foster Care are to be verified by a MEDS search for prior eligibility under any PCAT with a living arrangement of Foster Home.

**INCOME VERIFICATION**

**Verifying Income under Current Rules**

For income to be verified under current rules, policies outlined in the South Carolina Medicaid Policies and Procedures Manual are to be followed, with the following exceptions:

**FOR ALL CATEGORIES, MAGI and Non-MAGI**

**Child Support:** If applicant information indicates the possibility of child support as income, (e.g. tax filer living outside household, absent parent, different last names), the Eligibility Worker must assess if the addition of $200 per child would cause the family to be ineligible. If so, the applicant is to be contacted to determine whether the household income includes any child support. If so, this income must be included in determination of financial eligibility.

**Child/Dependent Care:** If an applicant is found to be ineligible for full Medicaid benefits under current rules based on the available information, the eligibility worker will determine whether applying a child/dependent care deduction could affect eligibility. If eligibility could be affected, the worker is to contact the applicant/AR to obtain that information.

**For MAGI CATEGORIES Only**

**Resources:** For applicants who fall under MAGI Categories assessed under current rules during the Transition Period, it is to be assumed that applicant resources fall below the resource limit for these categories unless provided by the applicant. **VERIFYING INCOME UNDER MAGI RULES** (Only for applicants denied Medicaid under current rules to be assessed for eligibility under MAGI Categories – See Tables 1-3)

**Child Care, Child Support and Resources are not to be included for eligibility determination for MAGI Categories under MAGI rules (January 1, 2014 eligibility).**

**Reasonable Compatibility (See Figure 2, Pg. 18) (To be used for eligibility determination under MAGI rules only.)**

When reported income is below the income standard and data source above, if difference between the reported income and income provided by an electronic source is less than or equal to 10%, accept reported income that is reasonably compatible, otherwise request an explanation for the difference (e.g. loss of job). Paper Documentation is required only if Reasonable Explanation is questionable.

**Reported Income Accepted without Additional Verification**

If data sources for income are not available, accept reported income for income equal to or below $300. For income above $300, request an explanation. Only request Paper Documentation if Reasonable Explanation is questionable

## Figure 2. Reasonable Compatibility Model

******

**Budgeting Income for MAGI Rules**

Applicants who fall under the MAGI categories who are denied Medicaid under current rules, are to be assessed for eligibility under the new MAGI rules for January 1, 2014 eligibility. This section describes how income should be counted for the financial eligibility determination.

**Included in Calculating Income:**

Adjusted Gross Income(AGI)

 *+ Excluded Foreign Income*

 *+ Tax Exempt Income*

 *+ Non-Taxable Social Security Benefits*

 = Modified Adjusted Gross Income (MAGI)

**Not Included in Calculating Income:**

* Certain Scholarship and Fellowship Income
* Certain Native American Income
* Certain Alaska Native Income

Lump Sum Income is counted only in the month received.

**Application**

* + Applicants denied under current Medicaid rules may be screened under MAGI eligibility criteria starting October 1, 2013.
	+ Persons eligible under MAGI will be able to receive benefits starting January 1, 2014.
	+ MAGI rules will be applied to: (i) children, (ii) pregnant woman, (iii) parents/caretaker relatives. (See Tables 1-3 above.)

**Definitions**

**Gross Income**: money, goods, property, and services.

* Calculation: Use IRS Form 1040 lines 7 and 22.
	+ 

**Include:**

* + - Wages
		- Tips
		- Unemployment payments
		- Pensions
		- Annuities
		- Income from a business or personal service
		- Dividends
		- Taxable interest
		- Alimony payments received
		- Rents and royalties received
		- Social Security benefits (all)

**Do not include: (Income exempted under tax rules)**

* + - TANF
		- SSI
		- Child support payments received,
		- Gifts
		- Scholarships *for tuition ONLY*
		- Certain salary deferrals (e.g. cafeteria/flexible spending plans, contribution to 401K plans)

**Adjusted Gross Income** (AGI)

* + Calculation: Use IRS Form 1040 Line 37



* + Essentially, Adjusted Gross Income (AGI) equals gross income less deductions.
	+ Deductions may be capped or limited based on income as set forth under U.S. tax code.

**INCOME COUNTING**

**Important concept to remember:**

* Only review income rules for members within the MAGI household.
* You must look at each individual separately.

**The basic rule for income is:**

MAGI income for ALL individuals who are counted in a MAGI household must be counted – unless an individual meets one of the following two exceptions:

**First Exception –** Is the individual’s parent in this MAGI household?

1. If yes – is the individual expected to be required to file a tax return?
	1. If yes, the individual’s income must be included in this MAGI household’s total MAGI income.
	2. If no, the individual’s income should NOT be included in this MAGI household’s total MAGI income.
2. If no, check for compliance with the **Second Exception.**

**Second Exception –** Is the individual the tax dependent of someone in this MAGI household who is not the individual’s spouse or parent?

1. If yes – is the individual expected to be required to file a tax return?

* 1. If yes, the individual’s income must be included in this MAGI household’s total MAGI income.
	2. If no, the individual’s income should NOT be included in this MAGI household’s total MAGI income.

2. If no, the individual’s income must be included in this MAGI household’s total MAGI income.

Determine the Medicaid/CHIP household income for each household

* 1. Is any household member the child or expected tax dependent of another member of the household?
		1. If yes – is individual expected to be required to file a tax return?
			+ If yes, continue to step B and include child’s income in total household income.
			+ If no, continue to step B, but do not include child’s income in total household income.
		2. If no, continue to step B
	2. Determine MAGI-based income of each member of the individual’s household, unless income of such member is flagged as not being counted in step A. Recall that, for purposes of Medicaid and CHIP eligibility, the following rules apply, regardless of rule applied for purposes of the Marketplace/APTC eligibility:
* An amount received as a lump sum is counted as income only in the month received.
	+ - Scholarships, awards, or fellowship grants used for education purposes and not for living expenses are excluded from income.
		- Certain distributions, payments and student financial assistance for American Indians/Alaska Natives are excluded from income.
	1. Household income equals the sum of the MAGI of every member of the individual’s household determined in step B.

**Budget Periods**

* Eligibility is based on current monthly income.
* For Beneficiaries: base projected income for remainder of calendar year.
* For Applicants and Beneficiaries: account for reasonably predictable increases and decreases in income. *E.g. seasonal workers’ high- and low- earning months will be averaged to form projected budget for the remainder of the year.*

**Changes from Current Rules**

* Asset and resource limits are eliminated.
* All income disregards have been eliminated with the exception of a standard disregard of 5% FPL. This 5% disregard only applies if the applicant’s income would exceed the income eligibility standard without it.
* For minors applying under the Pregnant Women category, if the parent(s) are included in the MAGI household, the parent(s)’ full income is to be used to determine financial eligibility as opposed to the Pro Rata amount used under current rules.

**Changes in Income Counting with MAGI Rules**

|  |  |  |
| --- | --- | --- |
| **Income Source** | **Current Medicaid Rules** | **MAGI Medicaid Rules** |
| Self-Employment Income | Counted with deductions for some, but not all, business expenses | Counted with deductions for most expenses, depreciation, and business loss |
| Salary Deferrals (flexible spending, cafeteria and 401(k) plans) | Counted | Not Counted |
| Child Support Received | Counted | Not Counted |
| Alimony Paid | Not deducted from income | Deducted from income |
| Veterans’ Benefits | Counted | Not Counted |
| Workers Compensation | Counted | Not Counted |
| Gifts & Inheritances | Counted as lump sum income in month received | Not Counted |
| TANF & SSI | Counted | Not Counted  |

**Medicaid Rules Summary**

* For Tax Filers:
	+ Household = tax filer + all persons whom tax filer expects to claim as a tax dependent
	+ Married couples filing jointly are each considered a tax filer.
	+ Married couples living together and filing separately are included in the household.
* For Tax Dependents:
	+ Household = Tax filer-claiming-the-dependent’s household.
	+ Exceptions: Non-filer rules will apply if tax dependent is:
		1. not a child or spouse of the tax filer;
		2. living with both parents, who are not expected to file a joint return; or
		3. a child who is claimed as a tax dependent by a non-custodial parent.
* For Non-Filers who are not claimed as a Dependent:
	+ Adults: Household = Non-filer + spouse and children [if the Non-Filer is living with those individuals]
	+ Children (up to age 19): Household = Child + siblings (including half, and step siblings) and parents (including biological, adoptive, and step parents) [if the Child is living with those individuals].

**MAGI Workbook Instructions**

For applicants denied Medicaid under current rules and to be assessed for eligibility under MAGI rules, this workbook is to be used to determine eligibility.

**HH Summary Tab**

* Enter the names and ages of the applicant and his or her household. Once the remaining workbook tabs are completed, this page will automatically tabulate and summarize eligibility.

**P1 – 12 Tabs**

* For each individual listed, complete the corresponding workbook page. The name and age will be automatically populated.
* Designate the individuals:
	+ General Information:
		- Gender
			* If female, indicate (i) whether pregnant, and (ii) if pregnant, the number of children expected.
		- Whether the individual lives in the household applying for coverage
	+ Income and Deductions
		- Fill in all fields as applicable.
	+ Tax Information
		- Indicate if the individual expects to file taxes. If…
			* Yes: indicate whether the individual expects to be claimed by anyone else as a dependent.
				+ Note: Spouses filing jointly will answer “no”, as they are each considered the tax-filer.
				+ If yes, indicate:

(i) who is claiming the Individual;

(ii) if the individual expects to be claimed as a tax dependent of someone other than a spouse or natural, adopted, or stepparent;

If yes, indicate whether: (1) Is Individual married and living with his/her spouse?, (2) does Individual have natural, adopted, and/or step children under age 19 living with her/him in the home?, (3) Is Individual under age 19 and living with natural, adoptive, and/or step parent(s)?, and (4) is Individual under age 19 and living with natural, adoptive, and/or step siblings under age 19?

If no, indicate whether: is Individual a child under age 19 living with both parents but the parents do not expect to file a joint tax return.

If yes, continue to questions (1)- (4) listed above.

If no, determine if Individual is a child under age 19 who expects to be claimed by a non-custodial parent.

If yes, continue to questions (1)- (4) listed above.

If no, determine if Individual is married and living with a spouse.

At this point a determination of the Individual’s household will be made automatically.

* + - * No: indicate whether the individual expects to be claimed as a tax dependent.
				+ If yes, indicate: (i) who is claiming the individual and (ii) whether any of the following exceptions apply

(a)whether individual expects to be claimed as a tax dependent of someone other than a spouse or a natural, adopted, or stepparent

If yes answer questions (1)- (4) listed above

If no, continue to (b)

(b) is Individual a child under age 19 living with both parents but the parents do not expect to file a joint tax return?

If yes, questions (1)- (4) listed above

If no, continue to (c)

(c) Is Individual a child under age 19 who expects to be claimed by a non-custodial parent?

If yes, questions (1)- (4) listed above If no, continue to (d)

(d) is Individual married and living with a spouse?

At this point a determination of the Individual’s household will be made automatically.

* + - * + If no, answer questions (1) – (4) listed above
* Family Relationships
	+ Indicate how (i) each household-member listed is related to the Individual; (ii) whether, if prompted, the Individual is a caretaker relative of the named household member; and/or (iii) who is expected to claim that household-member as a dependent.
		- Note: In cases where household members have more than one relationship to one another, list the individuals’ closest relationship. *E.g. In the scenario below, Al is both Dan’s father and his step-grandparent. In the workbook, the relationship will be categorized as parent/child because it is the closer degree of connection. Additionally, Bette will be categorized as Dan’s step-parent rather than his Grandmother.*



* Once the required fields are filled out for all household-members, the workbook will automatically determine eligibility under both the current and MAGI rules.
	+ First determine what the household member(s) is/ are eligible for under the current rules. If ineligible, review what program(s) the household member(s) is/ are eligible under MAGI criteria.
		- Note: if an individual is only eligible under MAGI, he or she will not begin receiving benefits until January 1, 2014.

**VII. Important Web Links**

**To access the MAGI Workbook:** [**MAGI Workbook**](https://team.scdhhs.gov/OPS/EES/Desk%20Aids/Forms/AllItems.aspx?RootFolder=%2FOPS%2FEES%2FDesk%20Aids%2FEligibility%20Workbooks&FolderCTID=0x01200076642C8044AA4645B4B1A42992357D73&View=%7b9593F547-AA5B-441D-855E-361570532533%7d)

**To access the Job Aids associated with these policies and procedures:** [**Transition Policy Job Aids**](https://team.scdhhs.gov/OPS/EES/ACA%20%20Access%20Training/Forms/AllItems.aspx?RootFolder=%2FOPS%2FEES%2FACA%20%20Access%20Training%2FJob%20Aids&FolderCTID=0x012000F35F30AC318C76439174334BBD137D6F&View=%7bF3257E1D-8651-4330-8D61-576CABB85379%7d)

1. If child spends an exactly equal number of nights with both parents, both would qualify as custodial. [↑](#footnote-ref-2)
2. In South Carolina, this decision will likely be contained in the Temporary Custody ordered by the Court. [↑](#footnote-ref-3)