

**County of San Diego, Health and Human Services Agency (HHSA)
Medi-Cal Program Guide**

MAGI Medi-Cal Tax Household Composition

Number

21.03

Page

1 of 4

Revision Date:

7/1/2021

Background:

The Affordable Care act (ACA) was signed into law in March of 2010. The law enacted comprehensive health insurance reforms through the expansion of Medi-Cal, Modified Adjusted Gross Income (MAGI) based Medi-Cal, creation of the Health Insurance Exchange, and new regulations for health insurance plans. MAGI Medi-Cal household composition is based on the federal tax filing rules.

Purpose:

To provide guidance for determining MAGI Medi-Cal tax household (HH) composition.

Policy

The tax filing status is based on the current year. Every customer in the case will have their own household composition which may be different for every person in the home depending on the tax filing status. Individuals do not need to file taxes to qualify for MAGI based Medi-Cal, but all individuals need to provide information on how they plan to file or not file taxes for the year they are seeking coverage. The following tax information is required for all individuals at application and redetermination:

- Who is the primary tax filer (the first name on the tax return)
- If the individual intends to file taxes
- If the individual expects to be required to file taxes
- The individual's tax filing status (Married filing jointly, head of household, etc.)
- If claimed as a dependent, the name of the tax filer claiming them as a dependent

A. Tax Filing Status

The MAGI Medi-Cal household composition is based on whether the individual is a:

- Tax filer
- Tax dependent
- Tax dependent with exceptions
- Non-filer

Tax dependents can sometimes file their own taxes but are counted as tax dependents if also claimed by someone as a dependent.

B. Tax Filer Household Composition

The household composition of a tax filer not claimed as a dependent on someone's else's taxes includes:

- The tax filer
- Their spouse who lives in the home
- Their spouse who lives outside the home if they file "married filing jointly"
- The tax filer's claimed dependents regardless of where they live
- The unborn children of the above

Tax dependents do not have to live in the home to be counted in the tax filer's household composition.

C. Tax Dependent Household Composition

The household composition of tax dependent who does not meet any of the tax dependent exceptions (see section D below for exceptions) will be the dependent, the tax filer claiming the dependent, and the rest of the people claimed by the tax filer. Generally, this is the same as the household of the tax filer who claimed the dependent, however it can sometimes vary because the general rules for married couples applies when a tax dependent is married.

**County of San Diego, Health and Human Services Agency (HHSA)
Medi-Cal Program Guide**

MAGI Medi-Cal Tax Household Composition

Number

21.03

Page

2 of 4

D. Tax Dependent Exceptions

The household composition of tax dependent will generally be the same as the tax filer unless they meet one of the tax dependent exceptions. Use the non-filer rules when a tax dependent meets one of the below exceptions:

- A dependent any age who is not the spouse or child of the tax filer
- A child (under 19 or under 21 and a full-time student) and the parents do not expect to file a joint return
- A child (under 19 or under 21 and a full-time student) and is claimed by a parent outside of the home

E. Non-Filer Household Composition

The household composition for a person who does not expect to file taxes or a tax dependent who meets one of the above exceptions includes:

- For adults over 19 and not a full-time student
 - The non-filer
 - The non-filer's spouse who lives in the home
 - The non-filer's children (under age 19 or under age 21 and a full-time student) living in the home including adopted and stepchildren
- For children under age 19 or adults under age 21
 - The non-filer
 - The non-filer's spouse who lives in the home
 - The non-filer's children (under age 19 or under age 21 and a full-time student) living in the home including adopted and stepchildren
 - The non-filer's biological, step, or adoptive parents if living in the home
 - The non-filer's siblings living in the home including adopted and stepsiblings

Use the non-filer rules when an applicant is unsure of how they will file taxes.

F. Establishing Family Size

Family size is the number of persons counted as members of an individual's Medi-Cal HH, with the following adjustments:

- A pregnant person is counted as one plus the number of children she is expected to deliver.
- For another individual whose HH includes a pregnant person, include the number of children expected by the pregnant person.

G. Rules for Married Couples

Married couples will be included in each other's household no matter how they file. The exception to this rule is married couples who file separately **and** do not live together.

Those who file "Married Filing Jointly" must be in each other's household and income from both spouses must be evaluated. If a spouse filing "Married Filing Jointly" fails to provide income verification, the application for both spouses can be denied for failure to provide unless inclusion of the spouse who failed to provide would not affect the outcome of the determination (for example, a couple living separately claiming "Married Filing Jointly" but is unmarried).

H. Future Changes

When the customer reasonably predicts a future change in their tax filing status and living situation (for example a married couple filing as "Married Filing Jointly" this year but is separating and plans to file separately next year), use the next year's tax filing status to redetermine their household composition.

**County of San Diego, Health and Human Services Agency (HHSA)
Medi-Cal Program Guide**

MAGI Medi-Cal Tax Household Composition

Number

21.03

Page

3 of 4

I. Ways to Report Tax Filing Information

Tax filing information may be reported over the phone, in-person, online, or the customer's preferred method of communication. Customers are not required to submit any supporting documentation.

Ex parte applies to obtaining tax filing information. Human Services Specialists (HSS) must review the case file prior to requesting the information. If the customer fails to provide the information, the regular denial and discontinuance timelines and notification requirements apply.

J. Self-Attestation of Tax Filing Status

The Federal Data Services Hub does not electronically verify tax household composition. Accept a customer's self-attestation of their plans to file taxes, their expectation to be required to file taxes, and the effect on the MAGI Medi-Cal HH determination. The self-attested answers shall be accepted as true, regardless of other information provided within the application that may appear to conflict with the customer's statements, such as the amount of income and/or deductions. This is because there may be circumstances known to the Internal Revenue Service or to the customer that are not included or reported on the applications.

Note: Tax filing status does not expire and should not be changed unless the customer reports a change.

K. Conflicting Tax Filing Status

Use the non-filer rules when unmarried individuals report filing "Married Filing Jointly," or the applicant is unsure of their tax filing status.

L. Victims of Domestic Violence

The tax household for victims of domestic violence can change depending on how they plan to file taxes depending on their situation:

- If the individual files "Married Filing Jointly" in the current year, but self-attest that they will file separately next year, base the tax household on how the applicant intends to file in the future and the spouse would not be included.
- If the individuals attest that they will file "Married Filing Separately", the spouse would not be included.
- If they are unsure of how they will file in the future because they are in a transitional state, apply the non-filer rules.

M. Institutionalized Children

Institutionalized Children residing outside the parent's home in an institution such as a psychiatric hospital, penal institution, or children's home that are claimed as tax dependents will use the tax dependent rules to determine household composition. If the child is ineligible for MAGI Medi-Cal based on income, they can be evaluated for non-MAGI and the parent's income excluded. Use the non-filer rules to determine household composition for Institutionalized children not claimed as tax dependents or that are unsure of their status.

N. Joint Custody

When there is joint custody of a child and one or both parents request Medi-Cal, determine the custodial parent or primary caregiver. The custodial parent or primary caregiver is the parent with whom the child spends most nights. When parents apply separately for the same child and claim to have the child for equal nights, the child will be in the home of the parent who applied first. In joint custody situations where the child is primarily with the parent who does not claim them on their taxes, use the non-filer rules to determine household composition.

O. Child Tax Filer Living with Parents

A child (under 19 or under 21 if a full-time student) who files their own taxes and is not claimed by their parent will use the Tax Filer rules to determine household composition.

**County of San Diego, Health and Human Services Agency (HHSA)
Medi-Cal Program Guide**

MAGI Medi-Cal Tax Household Composition

Number

21.03

Page

4 of 4

P. Homeless Children

The household composition of homeless children living outside the parent's home depends on whether they are claimed as tax dependents. If they are claimed, the tax dependent rules apply. If the child cannot provide parent income and tax information, they can be evaluated for non-MAGI Medi-Cal and the parent's income excluded. If the homeless child is not claimed by their parents or unsure about their tax filing status, apply the non-filer rules to determine household composition.

Q. Household Composition for Covered California (CA) Financial Assistance

The tax household for Covered CA includes:

- The primary tax filer
- The spouse of the primary tax filer
- Any tax dependents

Additionally, the following rules apply to the Covered CA tax household:

- Married couples must attest to intend to file a joint tax return to be eligible to Covered CA financial assistance.
- Legally separated and divorced spouses are not included.
- The tax filer does not have to include their spouse if they are a victim of domestic violence or spousal abandonment.
- Dependent children are included regardless of age.
- Non-dependent children under age 26 are included if they are to be covered under the Covered CA plan.

Program Impacts:

Automation

Enter appropriate fields in CalWIN to receive the appropriate MAGI eligibility determination. Do not enter any individuals into CalWIN if they are not part of any applicant's tax household or requesting (for example the absent parent). Do not mark tax dependents who live outside of the home as in the home.

Desk Aids

The following desk aids are available in Eligibility Essentials to assist HSSs with determining household composition:

- Desk aid 67 – Determining Household Composition
- Desk aid 68 – Magi Medi-Cal Household Composition Examples
- Desk aid 70 – MAGI Medi-Cal Individual Household Flow Chart

References:

MEDIL 13-12, 19-24

ACWDL 17-16, 20-10, 20-21

Sunset Date:

This policy will be reviewed for continuance on or by 7/31/2024.

Approval for Release:



Rick Wanne, Director
Self-Sufficiency Services