

Families and Children Manual	Section: Financial Eligibility
Policy Manual Number: 010.015	Chapter: Eligibility Determination Group for MAGI

## ELIGIBILITY DETERMINATION GROUP FOR MAGI

**Legal Authority:** 42 CFR 435.603; 42 CFR 435.956

### 1. Policy Statement

Eligibility Determination Group (EDG) for TennCare Medicaid (Child, Pregnant Women and Caretaker Relative categories) and the CoverKids categories will be determined using the Modified Adjusted Gross Income (MAGI) methodology. MAGI EDG methodology is based on federal tax rules and the principles of tax dependency, however the MAGI rules apply to both applicants who expect to file taxes or be claimed as a tax dependent, and to those applicants who do not file taxes or are not claimed as tax dependents. Each applicant has her own EDG constructed under MAGI rules and it is permissible for applicants who live in the same household to have different EDG sizes.

MAGI EDG methodology allows for inclusion of individuals in an applicant's EDG who, under previous EDG rules, would have been excluded. Individuals who may be included in the applicant's EDG include: Supplemental Security Income (SSI) Recipients, IV-E Adoption Subsidy and Foster Care recipients, and individuals under the age of 19 who are legally married or have been emancipated.

### 2. Definitions

**Custodial Parent and Non-Custodial Parent:** The custodial parent and non-custodial parent are determined based on a court order, binding separation, divorce, or parenting plan establishing physical custody controls. The custodial parent, also known as the primary residential parent, is the parent with whom the child spends most nights.

**Eligibility Determination Group Size (EDG):** EDG size includes the number of persons counted as members of an individual's EDG based on the tax household or non-filer household rules. EDG size is a factor in determining what income standard is used.

**Parent:** Parent includes natural or biological, adopted or stepparents.

**Sibling:** Sibling includes natural or biological, adopted, half or stepsiblings.

**Tax Dependent:** Individuals for whom another person, the tax filer, claims a deduction for a personal exemption in a taxable year. For eligibility purposes, tax dependents are individuals who expect to be claimed as such by another tax payer for the taxable year in which an eligibility determination is made.

**Tax Filer:** An individual who expects to file a tax return for the taxable year in which an eligibility determination is made. A tax filer does not expect to be claimed as a tax dependent by another person.

**Tax Household:** Tax filer (includes married couples filing jointly) and all claimed dependents.

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**Tax Filing Threshold:** An annual income amount set by the Internal Revenue Service (IRS) that determines whether an individual is required to file income taxes. The threshold varies by age, marital status and the number of tax dependents claimed.

**Non-File:** An individual who does not expect to file a tax return or be claimed as a tax dependent for the taxable year in which an eligibility determination is made.

### 3. Eligibility Determination Group

There are 2 sets of EDG rules under MAGI methodology. Tax filer rules are for applicants who file taxes or are claimed as tax dependents. Non-filer rules are for those applicants that do not file taxes, are not claimed as tax dependent, or meet a tax dependent exception.

NOTE: EDG is determined on an individual basis from the perspective of each individual. It is possible for household members to have different EDG sizes when determining eligibility. It is also worth noting that for individuals included in the EDG of his natural, adopted or step parents that do not meet the tax filing threshold should not have income included in EDG income whether or not the individual files a tax return.

### 4. Tax Filers

#### a. General Rule

For applicants who expect to file taxes, the EDG includes the tax filer and any dependents the tax filer expects to claim.

#### b. Tax Dependents

For applicants claimed as tax dependents, the EDG is the same as the tax filer claiming the tax dependent. Tax dependents may include individuals not otherwise eligible for TennCare Medicaid or CoverKids, and who are not applying for benefits. If a non-custodial parent claims a child as a dependent, the dependent child will be included in the non-custodial parent's EDG.

#### c. Spouses

Spouses who file joint taxes are both considered tax filers. For married couples who live together, each spouse will always be included in the other spouse's EDG, regardless of the couple's tax filing status. Spouses who expect to file joint taxes but live separately will be included in each other's EDG.

#### d. Tax Filer Household

The following would be included in the tax filer's household:

- i. The tax filer;

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- ii. All individuals whom the tax filer expects to claim as a tax dependent;
- iii. The tax filer's spouse if living in the household, regardless of whether the couple expects to file jointly or separately; and
- iv. The tax filer's spouse, if not living in the home, when the couple expects to file jointly.

Reminder: The tax dependent's EDG is the same as the tax filer that claims the tax dependent.

#### **e. Tax Dependent Exceptions**

There are 3 exceptions to the general rule for applicants claimed as tax dependents. An applicant who meets any of the following is subject to the non-filer household rules:

- i. The tax filer is someone other than the applicant's spouse, or natural, adopted or step parent;
- ii. The applicant is under age 19, or 21 if a full-time student, and is claimed as a tax dependent by one parent, but her parents live together (and do not file a joint tax return); or
- iii. The applicant is under age 19, or 21 if a full-time student, and expects to be claimed as a tax dependent by a non-custodial parent.

### **5. Non-Filers and Applicants Not Claimed as Tax Dependents**

Applicants who do not expect to file taxes and are not claimed as tax dependents by another tax payer or applicants that meet one of the three tax dependent exceptions are subject to non-filer household rules.

For applicants subject to the non-filer household rules, the EDG includes the applicant and if living with the applicant:

- a. The applicant's spouse;
- b. The applicant's natural, adopted and stepchildren under age 19, or 21 if a full time student;
- c. For applicants under age 19, or 21 if a full time student, the applicant's natural, adopted or step-parent; and
- d. For applicants under age 19, or 21 if a full-time student, the applicant's natural, adoptive and stepsiblings who are under age 19, or 21 if a full-time student.

### **6. Pregnant Women**

When determining EDG size for a pregnant woman, the pregnant woman is counted as herself plus the number of children she is expected to deliver. When determining EDG size for other applicants in the household, the pregnant woman is counted as one person.

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## **7. Joint Custody/Parenting Time**

### **a. Joint Custody/Parenting Time**

For the purpose of determining Medicaid eligibility, the custodial parent, often referred to as the primary residential parent in Tennessee, is established based on physical custody specified in a court order, binding separation, divorce, or parenting plan. If there is no court order or parenting plan, custody of a child born out of wedlock is with the mother. If there is a parenting plan, the primary residential parent is the parent with whom the child spends most nights.

### **b. Equally-Shared Joint Custody/Parenting Time**

When an individual claims that equally-shared (50/50) joint physical and legal custody exists or provides a parenting plan that evenly divides the child(ren)'s living arrangement and parenting responsibilities, the parenting time situation must be carefully examined. Though a court order or parenting plan may evenly divide the care and control of the child(ren), the parents may not, in fact, be following the parenting plan.

In cases of alleged equal parenting time (50/50):

#### **i. Both parents exercise parental guidance.**

Parental guidance may include issues such as which parent takes children to and from school and/or day care, which parent does the school and/or daycare consider the responsible relative, who exercises responsibility for consenting to major medical treatment for the child, etc.

#### **ii. Parents equally share physical custody.**

If one parent has the child(ren) a majority of the time, this is not considered equally shared parenting time. Child(ren) must spend an equal amount of time living with each parent. The living arrangement may be based on days, weeks or months, but it must be equal (182.5 days per year with each parent) and parental functions of guidance and physical care cannot be substantially interrupted. (If equal time means 6 months at a time are spent with each parent, this will be considered extended visits. Eligibility for the parent ceases when the child is with the other parent.)

If it is determined that equal (50/50) parenting time exists, staff should contact the Member Services Eligibility Policy Unit for additional guidance on processing the case.

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## 8. Verification

The State accepts self-attestation of EDG members, relationship between the EDG members, and tax filing intentions.

## 9. Eligibility Determination Group Procedures

When determining household size, an EDG must be constructed for each applicant in the household. The applicant's EDG is based on the tax filing status of the applicant.

### a. Does the applicant expect to file taxes?

- i. If No – Continue to 9.b.
- ii. If Yes – Does the applicant expect to be claimed as a tax dependent by another person?
  - 1. If No – The EDG is the same as the tax filer.
  - 2. If Yes – Does the applicant meet any of the tax dependent exceptions listed in 4.e.?
    - a. If No – The applicant's EDG is the same as the tax filer.
    - b. If Yes – The applicant's EDG is based on non-filer rules.

### b. Does the applicant expect to be claimed as a tax dependent?

- i. If No – The applicant's EDG is based on non-filer rules.
- ii. If Yes – Does the applicant meet any of the tax dependent exceptions listed in 4.e.?
  - 1. If No – The applicant's EDG is the same as the tax filer.
  - 2. If Yes – The applicant's EDG is based on non-filer rules.

## 10. Eligibility Determination Group Examples

### a. Mary's Family

Mary (35), Mary's son Jeff (15) and Mary's daughter Kayla (12) live in the household. Mary claims all as tax dependents.

#### i. Mary's EDG

Does Mary expect to file taxes? Yes

Does Mary expect to be claimed as a tax dependent? No

**Mary's EDG is her tax household: Mary, Jeff and Kayla (EDG= 3)**

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**ii. Jeff's EDG**

Does Jeff expect to file taxes? No

Does Jeff expect to be claimed as a tax dependent? Yes

Does Jeff meet any of the tax dependent exceptions? No

**Jeff's EDG is same as the tax filer who claims him as a dependent: Mary, Jeff and Kayla (EDG= 3)**

**iii. Kayla's EDG**

Does Kayla expect to file taxes? No

Does Kayla expect to be claimed as a tax dependent? Yes

Does Kayla meet any of the tax dependent exceptions? No

**Kayla's EDG is the same as the tax filer who claims her as a dependent: Mary, Jeff and Kayla (EDG= 3)**

**b. John's Family**

John (28), John's son Bill (8) and John's nephew Stephen (14) live in the household. John claims all as tax dependents.

**i. John's EDG**

Does John expect to file taxes? Yes

Does John expect to be claimed as a tax dependent? No

**John's EDG is the tax household: John, Bill and Stephen (EDG= 3)**

**ii. Bill's EDG**

Does Bill expect to file taxes? No

Does Bill expect to be claimed as a tax dependent? Yes

Does Bill meet any of the tax dependent exceptions? No

**Bill's EDG is the same as the tax filer who claims him as a tax dependent: John, Bill and Stephen (EDG= 3)**

**iii. Stephen's EDG**

Does Stephen expect to file taxes? No

Does Stephen expect to be claimed as a tax dependent? Yes

Does Stephen meet any of the tax dependent exceptions? Yes – Stephen expects to be claimed by someone other than a spouse or a natural, adopted or stepparent. Non-filer rules apply.

**Stephen's EDG: Stephen (EDG= 1)**

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**c. Rose's Family**

Rose (51), Rose's daughter Stephanie (26) and Stephanie's daughter Jill (3) live in the household. Rose claims all as tax dependents.

**i. Rose's EDG**

Does Rose expect to file taxes? Yes

Does Rose expect to be claimed as a tax dependent? No

**Rose's EDG is her tax household: Rose, Stephanie and Jill (EDG= 3)**

**ii. Stephanie's EDG**

Does Stephanie expect to file taxes? No

Does Stephanie expect to be claimed as a tax dependent? Yes

Does Stephanie meet any of the tax dependent exceptions? No

**Stephanie's EDG is the same as the tax filer who claims her as a dependent: Rose, Stephanie and Jill (EDG= 3)**

**iii. Jill's EDG**

Does Jill expect to file taxes? No

Does Jill expect to be claimed as tax dependent? Yes

Does Jill meet any of the tax dependent exceptions? Yes – Jill is claimed as a tax dependent by someone other than a spouse or natural, adopted or stepparent. Non-filer rules apply.

**Jill's EDG: Stephanie and Jill (EDG= 2)**

**d. Barbara's Family**

Barbara (25), her son Alex (5) and her daughter Joy (1) live in the household. Barbara claims Joy as a tax dependent. Her son Alex is claimed as a tax dependent by his father (non-custodial).

**i. Barbara's EDG**

Does Barbara expect to file taxes? Yes

Does Barbara expect to be claimed as a tax dependent? No

**Barbara's EDG is the same as her tax household: Barbara and Joy (EDG= 2)**

**ii. Alex's EDG**

Does Alex expect to file taxes? No

Does Alex expect to be claimed as a tax dependent? Yes

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Does Alex meet any of the tax dependent exceptions? Yes – Alex is claimed as a tax dependent by his father. Non-filer rules apply.

**Alex's EDG: Barbara, Alex and Joy (EDG= 3)**

**iii. Joy's EDG**

Does Joy expect to file taxes? No

Does Joy expect to be claimed as a tax dependent? Yes

Does Joy meet any of the tax dependent exceptions? No

**Joy's EDG is the same as same as the tax filer who claims her as a dependent: Barbara and Joy (EDG= 2)**

Note: If Alex's father applies for TennCare Medicaid, his EDG under the MAGI methodology will include himself, Alex and any other individuals he claims as tax dependents.

**e. Joe's Family**

Joe (42), his girlfriend Sarah (39), his son Damon (14), her daughter Kate (9), and their son Ben (6) live in the household. Joe and Sarah file taxes separately. Joe claims Damon and Ben as tax dependents, and Sarah claims Kate as a tax dependent.

**i. Joe's EDG**

Does Joe expect to file taxes? Yes

Does Joe expect to be claimed as a tax dependent? No

**Joe's EDG is his tax household: Joe, Damon and Ben (EDG= 3)**

**ii. Sarah's EDG**

Does Sarah expect to file taxes? Yes

Does Sarah expect to be claimed as a tax dependent? No

**Sarah's EDG is her tax household: Sarah and Kate (EDG= 2)**

**iii. Damon's EDG**

Does Damon expect to file taxes? No

Does Damon expect to be claimed as a tax dependent? Yes

Does Damon meet any of the tax dependent exceptions? No

**Damon's EDG is the same as the tax filer who claims him as a dependent: Joe, Damon and Ben (EDG= 3)**



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**iv. Kate's EDG**

Does Kate expect to file taxes? No

Does Kate expect to be claimed as a tax dependent? Yes

Does Kate meet any of the tax dependent exceptions? No

**Kate's EDG is the same as same as the tax filer who claims her as a dependent: Sarah and Kate (EDG= 2)**

**v. Ben's EDG**

Does Ben expect to file taxes? No

Does Ben expect to be claimed as a tax dependent? Yes

Does Ben meet any of the tax dependent exceptions? Yes – Ben is claimed as a tax dependent by one parent (Kate) but he lives with both of his parents. Non-filer rules apply.

**Ben's EDG: Joe, Sarah, Damon, Kate and Ben (EDG= 5)**

**f. Marcia's Family**

Marcia (45), her husband George (50), her son Trent (16), his son Jack (22) and their daughter Beth (14) are in the household. Marcia files taxes and claims her son as a tax dependent. George files taxes and claims Jack and Beth as tax dependents.

**i. Marcia's EDG**

Does Marcia expect to file taxes? Yes

Does Marcia expect to be claimed as a tax dependent? No

**Marcia's EDG is her tax household plus her spouse: Marcia, George and Trent (EDG= 3)**

**ii. George's EDG**

Does George expect to file taxes? Yes

Does George expect to be claimed as a tax dependent? No

**George's EDG is his tax household plus his spouse: Marcia, George, Jack and Beth (EDG= 4)**

**iii. Trent's EDG**

Does Trent expect to file taxes? No

Does Trent expect to be claimed as a tax dependent? Yes

Does Trent meet any of the tax dependent exceptions? Yes. Trent is claimed as a tax dependent by one parent but he lives with both of his parents. Parent includes step-parent. Non-filer rules apply.

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**Trent's EDG is: Marcia, George, Beth and Trent (EDG= 4)**

**iv. Jack's EDG**

Does Jack expect to file taxes? No

Does Jack expect to be claimed as a tax dependent? Yes

Does Jack meet any of the tax dependent exceptions? No – Jack is over the age of 21 and not subject to the tax dependent exceptions.

**Jack's EDG is the same as the tax filer that claims him as a dependent: Marcia, George, Jack and Beth (EDG= 4)**

**v. Beth's EDG**

Does Beth expect to file taxes? No

Does Beth expect to be claimed as a tax dependent? Yes

Does Beth meet any of the tax dependent exceptions? Yes – Beth is claimed as a tax dependent by one parent, but she lives with both parents. Non-filer rules apply.

**Beth's EDG: Marcia, George, Trent and Beth (EDG= 4)**

**g. Julio's Family**

Julio (27), his pregnant wife Gloria, expecting one baby, (24) and their daughter Anna (2) live in the household. Julio and Gloria file taxes and claim Anna as a tax dependent.

**i. Julio's EDG**

Does Julio expect to file taxes? Yes

Does Julio expect to be claimed as a tax dependent? No

**Julio's EDG is the same as the tax household: Julio, Gloria and Anna (EDG= 3)**

**ii. Gloria's EDG**

Does Gloria expect to file taxes? Yes

Does Gloria expect to be claimed as a tax dependent? No

**Gloria's EDG is the tax household plus her unborn child: Julio, Gloria and Anna plus unborn child (EDG= 4)**

**iii. Anna's EDG**

Does Anna expect to file taxes? No

Does Anna expect to be claimed as a tax dependent? Yes

Does Anna meet any of the tax dependent exceptions? No

**Anna's EDG is the same as the tax household: Julio, Gloria and Anna (EDG= 3)**

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#### **h. Carol's Family**

Carol (34), her son Jake (8) and her daughter Alice (3) are in the household. Alice receives SSI benefits. Carol's income is low enough such that she does not file taxes.

##### **i. Carol's EDG**

Does Carol expect to file taxes? No

Does Carol expect to be claimed as a tax dependent? No

**Carol's EDG: Carol, Jake and Alice (EDG= 3)**

##### **ii. Jake's EDG**

Does Jake expect to file taxes? No

Does Jake expect to be claimed as a tax dependent? No

**Jake's EDG: Carol, Jake and Alice (EDG= 3)**

##### **iii. Alice's EDG–** Alice receives SSI so she would not receive benefits in a MAGI category. This is for illustrative purposes only.

Does Alice expect to file taxes? No

Does Alice expect to be claimed as a tax dependent? No

**Alice's EDG: Carol, Jake and Alice (EDG= 3)**

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