



COMBINED MEDICAID 500 Income Overview

Supersedes: CMA 500 (07/2016)

Reference: ARM 37.82.101, .703 and .903; 42 CFR 435.601, .603; 20 CFR 416.1102 and .1103

Overview: MAGI (modified adjusted gross income) is used for all **ACA Medicaid** programs that have an income test. MAGI is an individual's taxable income such as wages, dividends, capital gains, etc. minus any adjustments such as student loan interest deduction (max \$2,500/year), self-employed health insurance deduction, tuition and fees (max \$4,000/year), etc. When looking at the 1040 tax form the income is listed on lines 7-22 and the adjustments are listed on lines 23-36. This hyperlink will show an example of the [1040 form](#).

ACA: Whether income is earned or unearned does not change the budget; there are no income disregards or deductions under MAGI. **NOTE:** Self-employment expenses are not disregards or deductions; they are expenses associated with earning self-employment income and are allowed when determining countable net self-employment income.

ABD: Gross income is always used except in cases of necessary for self-employment and for certain rental/lease income.

ABD: All income/money obligated to the household is considered available to the household, even if diverted to an outside entity.

ACA: If the household pays taxes on the diverted income, it is countable.

ABD: The household's current and prospective circumstances are evaluated to determine financial eligibility.

Income is divided into two categories:

1. Earned income that includes, but is not limited to:
 - a. Wages and salaries, and
 - b. Net earnings from self-employment
2. Unearned income, which includes all income that is not earned.

NOTE: Some income types may be earned or unearned depending on circumstances.

AVAILABLE INCOME:

All income, even if it is excluded per policy, must be entered on the appropriate screen.

ABD & Family Medically Needy: Consider income available both when:

1. Actually available, and
2. The client has a legal interest in and the legal authority to make the income available

As a condition of eligibility, clients must apply for all countable income they may be eligible or entitled to receive. If they fail to pursue countable income they are entitled to, the amount they would have received is countable. If the amount the client would receive cannot be determined, close or deny the case due to insufficient income information to determine financial eligibility.

COUNTING INCOME:

Income that is NOT expected to be received monthly, such as quarterly interest payments, is prorated over the period intended to cover. Do not count or prorate periodic payments until the first payment is received after Medicaid application. Income received on a monthly or more frequent basis will be budgeted according to methods outlined in CMA 601-1.

VERIFYING INCOME:

ACA: Verify self-attested income using PEV. PEV is used to verify initial month of application, and ongoing eligibility. If data sources indicate an inconsistency, follow the PEV inconsistency process.

ABD & Family Medically Needy: Income must be verified at application and when a change is reported. The client's written or verbal statement alone is not sufficient; collateral proof is required.

ABD & Family Medically Needy: The client is primarily responsible to provide income verification; however, eligibility staff will help the client obtain verification, as necessary.

UNEARNED INCOME VERIFICATION:

Verify unearned income with any of the following sources:

- Organizational records or statements;
- System Interfaces;
- Benefit correspondence or award letters;
- Any other reasonable verification.

EARNED INCOME VERIFICATION:

Verify earned income with any of the following sources:

- Pay stubs or pay envelopes (if complete)
- W2 form
- Wage tax receipts

- State or Federal income tax return or tax statements (only if they reflect current income)
- Self-employment bookkeeping records showing all income and expenses
- Employer’s statement (signed and dated by employer)
 - If the employer statement is verbal, case notes must clearly document all details (who, what, when, where and how)
- Employment Security office records (DOLI interface)
- Any other reasonable verification.

INCOME OWNERSHIP:

Count income to the individual(s) it is paid to. When paid to:

1. one individual, count in full to that individual;
2. two individuals (i.e., both spouses) count proportionately to each individual;
3. both spouses and another person, count proportionately to each individual.

Clients can rebut income ownership.

INCOME OF DISQUALIFIED/INELIGIBLE HH MEMBERS:

Income of disqualified or ineligible household members is deemed to other household members as follows:

- Ineligible parent’s income is deemed, and earned income disregards are allowed.
- Ineligible spouse’s income is deemed, but earned income disregards are not allowed.

Effective Date: January 1, 2020