

TO: Local District Commissioners, Medicaid Directors

FROM: Judith Arnold, Director
Division of Eligibility and Marketplace Integration

SUBJECT: Treatment of Income of Dependents Under MAGI-like Rules,
2018 Update

ATTACHMENT: Dependent Income Counting Worksheet 2018

EFFECTIVE DATE: Immediately

CONTACT PERSON: Local District Support Unit
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The purpose of this General Information System (GIS) message is to inform local departments of social services (LDSS) of an update regarding the treatment of a dependent's income under Modified Adjusted Gross Income (MAGI) rules.

CMS (Centers for Medicare & Medicaid Services) has advised that due to the Tax Cuts and Jobs Act of 2017, the threshold that determines whether a tax dependent is required to file a tax return has been updated, and should be used in MAGI determinations immediately.

As per GIS 15 MA/08 "Treatment of Income of Dependents Under MAGI-like Rules," this income threshold is used to determine if the income of a child or tax dependent is included in the MAGI-like budget. This information is generally released via IRS publication 501, which is not yet available. Attached to the GIS is a worksheet to assist in calculating whether a dependent's income is countable.

The income threshold for dependents for tax year 2018 is \$12,000 for earned income and \$1,050 for unearned income.

- If a dependent has earned income only and it exceeds \$12,000, the dependent must file a return.
- If a dependent has unearned income only and it exceeds \$1,050, the dependent must file a return.
- If a dependent has both earned and unearned income and one income type exceeds the IRS threshold, the dependent must file a return.
- In addition, if a dependent has both earned and unearned income and each is less than the applicable threshold, the dependent, nevertheless, must file a return if the combined (gross) income exceeds the larger of \$1,050 or the amount of the dependent's earned income (up to \$11,650) plus \$350.

If a district determines that a previously budgeted case has been negatively affected due to use of the 2017 threshold, or a case is brought to the district's attention, the case should be re-budgeted using the revised threshold level. If eligible, covered medical expenses paid by an individual as a result of an improper calculation, must be reimbursed pursuant to 10 OHIP/ADM-9, "Reimbursement of Paid Medical Expenses Under 18 NYCCR §360-7.5(a)."

Please direct any questions to your Local District Support Liaison.