




Washington State
Health Care Authority

MAGI Methodology, Income and other Updates

Medicaid Eligibility and Policy
Medicaid Eligibility and Community Support
December 17, 2019



Topics

- MAGI Introduction
- Point-In-Time Methodology
- Income From a Job
- Unearned Income
- Foreign Income
- Non-Countable Income
- Educational Income

Topics

-
- American Indian / Alaska Native Income
-
- Lump Sums
-
- Income of Tax Dependents or Children 18 or Younger
-
- Other Updates
-
- Resources
-

MAGI Introduction

MAGI Calculation

Modified adjusted gross income (MAGI) is how income is calculated for MAGI-based Washington Apple Health (Medicaid) and Children's Health Insurance Program (CHIP) (Apple Health for Kids with Premiums) programs.

Generally, the MAGI calculation is an individual's adjusted gross income (AGI) as determined by the Internal Revenue Code (IRC) with a few modifications.

Form **1040** Department of the Treasury—Internal Revenue Service (99) **U.S. Individual Income Tax Return** YEAR OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

Filing status: Single Married filing jointly Married filing separately Head of household Qualifying widow(er)

Your first name and initial Last name Your social security number

Your standard deduction: Someone can claim you as a dependent You were born before January 2, 1954 You are blind

If joint return, spouse's first name and initial Last name Spouse's social security number

Spouse standard deduction: Someone can claim your spouse as a dependent Spouse was born before January 2, 1954 Full-year health care coverage or exempt (see inst.)

Spouse is blind Spouse itemizes on a separate return or you were dual-status alien

Home address (number and street). If you have a P.O. box, see instructions. Apt. no. Presidential Election Campaign (see inst.) You Spouse

City, town or post office, state, and ZIP code. If you have a foreign address, attach Schedule 6. If more than four dependents, see inst. and here ▶

Dependents (see instructions):		(2) Social security number	(3) Relationship to you	(4) <input checked="" type="checkbox"/> if qualifies for (see inst.):	
(1) First name	Last name			Child tax credit	Credit for other dependents
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>

Sign Here Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature Date Your occupation If the IRS sent you an Identity Protection PIN, enter it here (see inst.)

Joint return? See instructions. Keep a copy of your records. Paid Prep Use For Dis

1	Wages, salaries, tips, etc. Attach Form(s) W-2	1	
2a	Tax-exempt interest	2a	
3a	Qualified dividends	3a	
4a	IRAs, pensions, and annuities	4a	
5a	Social security benefits	5a	
6	Total income. Add lines 1 through 5. Add any amount from Schedule 1, line 22	6	
7	Adjusted gross income. If you have no adjustments to income, enter the amount from line 6; otherwise, subtract Schedule 1, line 36, from line 6	7	
8	Standard deduction or itemized deductions (from Schedule A)	8	
9	Qualified business income deduction (see instructions)	9	
10	Taxable income. Subtract lines 8 and 9 from line 7. If zero or less, enter -0-	10	
11	a Tax (see inst.) (check if any from: 1 <input type="checkbox"/> Form(s) 8814 2 <input type="checkbox"/> Form 4972 3 <input type="checkbox"/>)	11	
	b Add any amount from Schedule 2 and check here <input type="checkbox"/>	11	
12	a Child tax credit/credit for other dependents b Add any amount from Schedule 3 and check here <input type="checkbox"/>	12	
13	Subtract line 12 from line 11. If zero or less, enter -0-	13	
14	Other taxes. Attach Schedule 4	14	
15	Total tax. Add lines 13 and 14	15	
16	Federal income tax withheld from Forms W-2 and 1099	16	
17	Refundable credits: a EIC (see inst.) b Sch. 8812 c Form 8863	17	
	Add any amount from Schedule 5	17	
18	Add lines 16 and 17. These are your total payments	18	
19	If line 18 is more than line 15, subtract line 15 from line 18. This is the amount you overpaid	19	
20a	Amount of line 19 you want refunded to you. If Form 8888 is attached, check here <input type="checkbox"/>	20a	
	b Routing number c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings		
	d Account number		
21	Amount of line 19 you want applied to your 2019 estimated tax	21	
22	Amount you owe. Subtract line 18 from line 15. For details on how to pay, see instructions	22	
23	Estimated tax penalty (see instructions)	23	

Definition:
Adjusted gross income or AGI is an individual's total gross taxable income minus allowable deductions.

What Makes AGI → MAGI?

Adjusted Gross Income plus:

- **Interest** - Any amount of interest received or accrued during the taxable year which is exempt from tax;
- **Social Security and Railroad Retirement** - Any amount of Title II Social Security income or Tier 1 Railroad Retirement income which is exempt from gross income under Section 86 of the IRC; and
- **Foreign Income** - Any amount of foreign income excluded from gross income under Section 911 of the IRC.

What Makes AGI → MAGI?

MAGI does not include:

- **Educational Income** - Scholarships or fellowship grants used for educational purposes are exempt as described in [WAC 182-509-0335](#);
- **American Indian / Alaska Native Income** – Some sources of this income is exempt as described in [WAC 182-509-0340](#);
- **Lump Sums** - Income received as a one-time lump sum is counted only in the month in which it is received as described in [WAC 182-509-0375](#); and
- **Income of Tax Dependents and Children Age 18 and Younger** – This income is exempt if it does not meet the tax filing threshold as described in [WAC 182-509-0360](#).

Deductions

SCHEDULE 1 (Form 1040)		Additional Income and Adjustments to Income		OMB No. 1545-0074	
Department of the Treasury Internal Revenue Service		▶ Attach to Form 1040. ▶ Go to www.irs.gov/Form1040 for instructions and the latest information.		20 XX Attachment Sequence No. 01	
Name(s) shown on Form 1040				Your social security number	
Additional Income	1-9b	Reserved		1-9b	
	10	Taxable refunds, credits, or offsets of state and local income taxes		10	
	11	Alimony received		11	
	12	Business income or (loss). Attach Schedule C or C-EZ		12	
	13	Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ <input type="checkbox"/>		13	
	14	Other gains or (losses). Attach Form 4797		14	
	15a	Reserved		15b	
	16a	Reserved		16b	
	17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E		17	
	18	Farm income or (loss). Attach Schedule F		18	
	19	Unemployment compensation		19	
	20a	Reserved		20b	
	21	Other income. List type and amount ▶		21	
22	Combine the amounts in the far right column. If you don't have any adjustments to income, enter here and include on Form 1040, line 6. Otherwise, go to line 23		22		
Adjustments to Income	23	Educator expenses	23		
	24	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106	24		
	25	Health savings account deduction. Attach Form 8889	25		
	26	Moving expenses for members of the Armed Forces. Attach Form 3903	26		
	27	Deductible part of self-employment tax. Attach Schedule SE	27		
	28	Self-employed SEP, SIMPLE, and qualified plans	28		
	29	Self-employed health insurance deduction	29		
	30	Penalty on early withdrawal of savings	30		
	31a	Alimony paid b Recipient's SSN ▶	31a		
	32	IRA deduction	32		
33	Student loan interest deduction	33			
34	Reserved	34			
35	Reserved	35			
36	Add lines 23 through 35		36		

Part of the AGI calculation includes deductions from gross income. These deductions follow IRS rules. Some of the deductions have yearly limits and some are variable.

5% FPL Disregard

Countable MAGI Income is reduced by an amount equal to five percentage points of the federal poverty level (FPL) based on household size to determine net income.

See [WAC 182-509-0300](#)

MAGI Calculation

Countable Income
- Allowable IRS Deductions
- 5% FPL Disregard
Total MAGI Income

Point-In-Time Methodology

Point-in-Time Income

Income that is received, or is likely to be received in the month in which an individual submits an application or renewal is a point-in-time income amount.

A point-in-time calculation can be used to determine a person's countable income.

[WAC 182-509-0310](#)

Point-in-Time Income

The following calculations are used to calculate a monthly income for individuals paid more than once a month:

- Paid weekly: 4.3 multiplied by the weekly expected income
- Every other week: 2.15 multiplied by the expected income

Point-in-Time Income

For individuals paid less than once a month, individuals can use an average to calculate monthly income.

Example: self-employed individuals

Monthly average = Total income for a period of time divided by the months in the timeframe

Point-in-Time Income

Individuals whose income varies seasonally can choose to use point-in-time methodology or a larger average when reporting income.

Example: orchard workers who work more during the summer months

Income From a Job

Income From a Job

Income from a job is income that is received from working and may include:

- Wages
- Salaries
- Tips
- Commissions
- Bonuses

The taxable gross amount of earnings are used to determine eligibility.

See [WAC 182-509-0330](#)

Income From a Job

		1		Wages, salaries, tips, etc. Attach Form(s) W-2		1			
		2a				b	Taxable interest	2b	
		3a				b	Ordinary dividends	3b	
		4a				b	Taxable amount	4b	
		5a				b	Taxable amount	5b	
		6	Total income. Add lines 1 through 5. Add any amount from Schedule 1, line 22				6		
		7	Adjusted gross income. If you have no adjustments to income, enter the amount from line 6; otherwise, subtract Schedule 1, line 36, from line 6				7		
		8	Standard deduction or itemized deductions (from Schedule A)				8		
		9	Qualified business income deduction (see instructions)				9		
		10	Taxable income. Subtract lines 8 and 9 from line 7. If zero or less, enter -0-				10		
		11	a Tax (see inst.) (check if any from: 1 <input type="checkbox"/> Form(s) 8814 2 <input type="checkbox"/> Form 4972 3 <input type="checkbox"/>)				11		
			b Add any amount from Schedule 2 and check here <input type="checkbox"/>						
		12	a Child tax credit/credit for other dependents b Add any amount from Schedule 3 and check here <input type="checkbox"/>				12		
		13	Subtract line 12 from line 11. If zero or less, enter -0-				13		
		14	Other taxes. Attach Schedule 4				14		
		15	Total tax. Add lines 13 and 14				15		
		16	Federal income tax withheld from Forms W-2 and 1099				16		
		17	Refundable credits: a EIC (see inst.) b Sch. 8812 c Form 8863				17		
			Add any amount from Schedule 5						
		18	Add lines 16 and 17. These are your total payments				18		

Attach Form(s) W-2. Also attach Form(s) W-2G and 1099-R if tax was withheld.

Standard Deduction for—

- Single or married filing separately, \$12,000
- Married filing jointly or Qualifying widow(er), \$24,000
- Head of household, \$18,000
- If you checked any box under Standard deduction, see instructions.

Unearned Income

Unearned Income

Unearned income is income received from a source other than employment. Some common examples include:

- Title II Social Security benefits
- Unemployment compensation
- Interest income
- Pensions, annuities, and IRAs
- Dividends
- Military retirements
- Alimony

See [WAC 182-509-0325](#)

Title II Social Security Benefits

Social Security benefits are payments administered by the Social Security Administration (SSA) based on age, survivor status, and disability.

Some benefits administered under Title II are exempt from tax. Under MAGI, however, any amount of Social Security benefits received under Title II is used to determine eligibility.

Countable Social Security benefits under Title II include:

- Retirement benefits
- Disability benefits (SSDI)
- Dependent benefits
- Survivor benefits

SSDI vs SSI

Sometimes there is confusion between SSDI (Title II) and Supplemental Security Income or SSI (Title XVI) disability payments from SSA. SSI is non-countable income under MAGI.

SSDI (Countable)

- Amount is based on contributions made to FICA based on the individual's earnings or the earnings of an individual's spouse or parent(s)
- After receiving SSDI for two years, recipients become Medicare eligible

SSI (Non-Countable)

- Must have limited income and resources
- Eligible for Classic Medicaid
- Receives a standardized amount each month (\$771 per month in 2019)

Title II Social Security Benefits

Attach Form(s) W-2. Also attach Form(s) W-2G and 1099-R if tax was withheld.

1	Wages, salaries, tips, etc. Attach Form(s) W-2			1			
2a	Tax-exempt interest	2a		b	Taxable interest	2b	
3a	Qualified dividends	3a		b	Ordinary dividends	3b	
5a	Social security benefits	5a		b	Taxable amount	5b	
6	Total income. Add lines 1 through 5. Add any amount from Schedule 1, line 22					6	
7	Adjusted gross income. If you have no adjustments to income, enter the amount from line 6; otherwise, subtract Schedule 1, line 36, from line 6					7	
8	Standard deduction or itemized deductions (from Schedule A)					8	
9	Qualified business income deduction (see instructions)					9	
10	Taxable income. Subtract lines 8 and 9 from line 7. If zero or less, enter -0-					10	
11	a Tax (see inst.) (check if any from: 1 <input type="checkbox"/> Form(s) 8814 2 <input type="checkbox"/> Form 4972 3 <input type="checkbox"/>)						
	b Add any amount from Schedule 2 and check here <input type="checkbox"/>					11	
12	a Child tax credit/credit for other dependents <input type="checkbox"/> b Add any amount from Schedule 3 and check here <input type="checkbox"/>					12	
13	Subtract line 12 from line 11. If zero or less, enter -0-					13	
14	Other taxes. Attach Schedule 4					14	
15	Total tax. Add lines 13 and 14					15	
16	Federal income tax withheld from Forms W-2 and 1099					16	
17	Refundable credits: a EIC (see inst.) <input type="checkbox"/> b Sch. 8812 <input type="checkbox"/> c Form 8863 <input type="checkbox"/>						
	Add any amount from Schedule 5 <input type="checkbox"/>					17	
18	Add lines 16 and 17. These are your total payments					18	

Standard Deduction for—

- Single or married filing separately, \$12,000
- Married filing jointly or Qualifying widow(er), \$24,000
- Head of household, \$18,000
- If you checked any box under Standard deduction, see instructions.

Dividends

Dividends are distributions of property or income an individual receives for owning stock in a corporation or interest in a partnership, an estate, a trust, an S corporation, or an association that is taxable as a corporation.

Dividends are taxable income and countable for MAGI eligibility.

Dividends

Attach Form(s) W-2. Also attach Form(s) W-2G and 1099-R if tax was withheld.

1	Wages, salaries, tips, etc. Attach Form(s) W-2			1		
2a	Tax-exempt interest	2a		b Taxable interest	2b	
3a	Qualified dividends	3a		b Ordinary dividends	3b	
4a	IRAs, pensions, and annuities	4a		b Taxable amount	4b	
5a	Social security benefits	5a		b Taxable amount	5b	
6	Total income. Add lines 1 through 5. Add any amount from Schedule 1, line 22				6	
7	Adjusted gross income. If you have no adjustments to income, enter the amount from line 6; otherwise, subtract Schedule 1, line 36, from line 6				7	
8	Standard deduction or itemized deductions (from Schedule A)				8	
9	Qualified business income deduction (see instructions)				9	
10	Taxable income. Subtract lines 8 and 9 from line 7. If zero or less, enter -0-				10	
11	a Tax (see inst.) (check if any from: 1 <input type="checkbox"/> Form(s) 8814 2 <input type="checkbox"/> Form 4972 3 <input type="checkbox"/>)			b Add any amount from Schedule 2 and check here	11	
12	a Child tax credit/credit for other dependents b Add any amount from Schedule 3 and check here				12	
13	Subtract line 12 from line 11. If zero or less, enter -0-				13	
14	Other taxes. Attach Schedule 4				14	
15	Total tax. Add lines 13 and 14				15	
16	Federal income tax withheld from Forms W-2 and 1099				16	
17	Refundable credits: a EIC (see inst.) b Sch. 8812 c Form 8863				17	
18	Add lines 16 and 17. These are your total payments				18	

Standard Deduction for—

- Single or married filing separately, \$12,000
- Married filing jointly or Qualifying widow(er), \$24,000
- Head of household, \$18,000
- If you checked any box under Standard deduction, see instructions.

Pensions, Annuities, and IRAs

Pensions, annuities, and individual retirement accounts (IRAs) are typically fixed sums of money that are paid to individuals for the rest of their life, whether invested by the individuals themselves, their employer, or a combination of both.

Some examples may include 401K distributions, pensions, annual lottery payouts, etc.

Generally, these income types are taxable and countable for MAGI eligibility, however, there are some exceptions.

Pensions, Annuities, and IRAs

Attach Form(s) W-2. Also attach Form(s) W-2G and 1099-R if tax was withheld.

1	Wages, salaries, tips, etc. Attach Form(s) W-2	1	
2a	Tax-exempt interest	2a	
2b	Taxable interest	2b	
3a	Qualified dividends	3a	
3b	Ordinary dividends	3b	
4a	IRAs, pensions, and annuities	4a	
4b	Taxable amount	4b	
5a	Social security benefits	5a	
5b	Taxable amount	5b	
6	Total income. Add lines 1 through 5. Add any amount from Schedule 1, line 22	6	
7	Adjusted gross income. If you have no adjustments to income, enter the amount from line 6; otherwise, subtract Schedule 1, line 36, from line 6	7	
8	Standard deduction or itemized deductions (from Schedule A)	8	
9	Qualified business income deduction (see instructions)	9	
10	Taxable income. Subtract lines 8 and 9 from line 7. If zero or less, enter -0-	10	
11	a Tax (see inst.) (check if any from: 1 <input type="checkbox"/> Form(s) 8814 2 <input type="checkbox"/> Form 4972 3 <input type="checkbox"/>)	11	
	b Add any amount from Schedule 2 and check here <input type="checkbox"/>		
12	a Child tax credit/credit for other dependents <input type="checkbox"/> b Add any amount from Schedule 3 and check here <input type="checkbox"/>	12	
13	Subtract line 12 from line 11. If zero or less, enter -0-	13	
14	Other taxes. Attach Schedule 4	14	
15	Total tax. Add lines 13 and 14	15	
16	Federal income tax withheld from Forms W-2 and 1099	16	
17	Refundable credits: a EIC (see inst.) <input type="checkbox"/> b Sch. 8812 <input type="checkbox"/> c Form 8863 <input type="checkbox"/>	17	
	Add any amount from Schedule 5 <input type="checkbox"/>		
18	Add lines 16 and 17. These are your total payments	18	

Standard Deduction for—

- Single or married filing separately, \$12,000
- Married filing jointly or Qualifying widow(er), \$24,000
- Head of household, \$18,000
- If you checked any box under Standard deduction, see instructions.

Capital Gains and Losses

The financial gain or loss from the sale or exchange of a capital asset. A capital asset includes property such as your home or car, as well as investment property, such as stocks and bonds.

Capital gains and losses can be received one time or anticipated over time and ongoing, depending on the individual's circumstances.

Capital Gains and Losses

Countable capital gains and losses:

- Sale of assets for a business that is still operating
- Sale of houses for individuals who have numerous rentals
- Sale of stocks, shares, or other investments
- Individual anticipates the gain/loss to be ongoing

Non-countable capital gains and losses

- Sale of assets for a business that is no longer operating
- One-time sale of house or property
- Individual anticipates the gain/loss to be a one-time occurrence

Capital Gains and Losses

SCHEDULE 1 (Form 1040) <small>Department of the Treasury Internal Revenue Service</small>		Additional Income and Adjustments to Income <small>▶ Attach to Form 1040. ▶ Go to www.irs.gov/Form1040 for instructions and the latest information.</small>		<small>OMB No. 1545-0074</small> 20 XX <small>Attachment Sequence No. 01</small>	
Name(s) shown on Form 1040				Your social security number	
Additional Income	1-9b	Reserved		1-9b	
	10	Taxable refunds, credits, or offsets of state and local income taxes		10	
	11	Allmonny received		11	
	12	Business income or (loss). Attach Schedule C or C-EZ		12	
	13	Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ <input type="checkbox"/>		13	
	14	Other gains or (losses). Attach Form 4797		14	
	15a	Reserved		15b	
	16a	Reserved		16b	
	17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E		17	
	18	Farm income or (loss). Attach Schedule F		18	
	19	Unemployment compensation		19	
	20a	Reserved		20b	
	21	Other income. List type and amount ▶		21	
22	Combine the amounts in the far right column. If you don't have any adjustments to income, enter here and include on Form 1040, line 6. Otherwise, go to line 23		22		

Interest Income

Interest is income earned from investments that pay interest, such as savings accounts, money market accounts, or certificates of deposit.

Whether interest income is taxable or not, for the purposes of determining MAGI eligibility, all interest income received or accrued is countable.

Interest Income

For tax filers, taxable interest and non-taxable interest over \$10 per year are reported on their yearly tax return.

Attach Form(s) W-2. Also attach Form(s) W-2G and 1099-R if tax was withheld.

2a	Tax-exempt interest	2a		b	Taxable interest	2b		
3a	Qualified dividends	3a		b	Ordinary dividends	3b		
4a	IRAs, pensions, and annuities	4a		b	Taxable amount	4b		
5a	Social security benefits	5a		b	Taxable amount	5b		
6	Total income. Add lines 1 through 5. Add any amount from Schedule 1, line 22						6	
7	Adjusted gross income. If you have no adjustments to income, enter the amount from line 6; otherwise, subtract Schedule 1, line 36, from line 6						7	
8	Standard deduction or itemized deductions (from Schedule A)						8	
9	Qualified business income deduction (see instructions)						9	
10	Taxable income. Subtract lines 8 and 9 from line 7. If zero or less, enter -0-						10	
11	a Tax (see inst.) (check if any from: 1 <input type="checkbox"/> Form(s) 8814 2 <input type="checkbox"/> Form 4972 3 <input type="checkbox"/>)						11	
	b Add any amount from Schedule 2 and check here <input type="checkbox"/>							
12	a Child tax credit/credit for other dependents <input type="checkbox"/> b Add any amount from Schedule 3 and check here <input type="checkbox"/>						12	
13	Subtract line 12 from line 11. If zero or less, enter -0-						13	
14	Other taxes. Attach Schedule 4						14	
15	Total tax. Add lines 13 and 14						15	
16	Federal income tax withheld from Forms W-2 and 1099						16	
17	Refundable credits: a EIC (see inst.) <input type="checkbox"/> b Sch. 8812 <input type="checkbox"/> c Form 8863 <input type="checkbox"/>						17	
	Add any amount from Schedule 5 <input type="checkbox"/>							
18	Add lines 16 and 17. These are your total payments						18	

Standard Deduction for –

- Single or married filing separately, \$12,000
- Married filing jointly or Qualifying widow(er), \$24,000
- Head of household, \$18,000
- If you checked any box under Standard deduction, see instructions.

Alimony Income

Alimony is income received from a spouse or former spouse under a divorce or separation instrument (decree or court order). Alimony court orders made after 12/31/2018 are not countable income for MAGI. This does not include voluntary or child support payments.

Alimony income from decrees made prior to 1/1/2019 are taxable and countable for the purposes of determining MAGI eligibility.

Alimony Income

SCHEDULE 1 (Form 1040)		Additional Income and Adjustments to Income		OMB No. 1545-0074	
Department of the Treasury Internal Revenue Service		<p>▶ Attach to Form 1040. ▶ Go to www.irs.gov/Form1040 for instructions and the latest information.</p>		<p>20 XX Attachment Sequence No. 01</p>	
Name(s) shown on Form 1040				Your social security number	
Additional Income	1-9b	Reserved		1-9b	
	10	Taxable refunds, credits, or offsets of state and local income taxes		10	
	11	Alimony received		11	
	12	Business income or (loss). Attach Schedule C or C-EZ		12	
	13	Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ <input type="checkbox"/>		13	
	14	Other gains or (losses). Attach Form 4797		14	
	15a	Reserved		15b	
	16a	Reserved		16b	
	17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E		17	
	18	Farm income or (loss). Attach Schedule F		18	
	19	Unemployment compensation		19	
	20a	Reserved		20b	
	21	Other income. List type and amount ▶		21	
22	Combine the amounts in the far right column. If you don't have any adjustments to income, enter here and include on Form 1040, line 6. Otherwise, go to line 23		22		

Unemployment Compensation

Unemployment compensation is income received under the compensation laws of the United States or a state, such as:

- State unemployment insurance benefits
- Benefits paid to an individual by a state or by the District of Columbia from the Federal Unemployment Trust Fund

All unemployment compensation benefits received are taxable and countable for determining MAGI eligibility.

Unemployment Compensation

SCHEDULE 1 (Form 1040)		Additional Income and Adjustments to Income		OMB No. 1545-0074	
Department of the Treasury Internal Revenue Service		<p align="center">▶ Attach to Form 1040. ▶ Go to www.irs.gov/Form1040 for instructions and the latest information.</p>		<p align="center">20 XX Attachment Sequence No. 01</p>	
Name(s) shown on Form 1040			Your social security number		
Additional Income	1-9b	Reserved	1-9b		
	10	Taxable refunds, credits, or offsets of state and local income taxes	10		
	11	Allmonly received	11		
	12	Business income or (loss). Attach Schedule C or C-EZ	12		
	13	Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ <input type="checkbox"/>	13		
	14	Other gains or (losses). Attach Form 4797	14		
	15a	Reserved	15b		
	16a	Reserved	16b		
	17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	17		
	18	Farm income or (loss). Attach Schedule F	18		
	19	Unemployment compensation	19		
	20a	Reserved	20b		
21	Other income. List type and amount ▶	21			
22	Combine the amounts in the far right column. If you don't have any adjustments to income, enter here and include on Form 1040, line 6. Otherwise, go to line 23	22			

Other Countable Income (or Loss)

Other sources of taxable income are less common and may include:

- Per capita income
- Net-Operating loss
- Gambling, lottery, or raffle winnings
- Jury duty pay
- Rewards including Nobel, Pulitzer, or other prize
- Strike or lockout benefits
- Whistleblower's award
- Compensation received for donation of blood, plasma, egg, embryo, other parts of the body
- Unearned income-in-kind

Other Income

SCHEDULE 1 (Form 1040)		Additional Income and Adjustments to Income		OMB No. 1545-0074	
Department of the Treasury Internal Revenue Service		<p>▶ Attach to Form 1040. ▶ Go to www.irs.gov/Form1040 for instructions and the latest information.</p>		<p>20 XX Attachment Sequence No. 01</p>	
Name(s) shown on Form 1040				Your social security number	
Additional Income	1-9b	Reserved		1-9b	
	10	Taxable refunds, credits, or offsets of state and local income taxes		10	
	11	Alimony received		11	
	12	Business income or (loss). Attach Schedule C or C-EZ		12	
	13	Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ <input type="checkbox"/>		13	
	14	Other gains or (losses). Attach Form 4797		14	
	15a	Reserved		15b	
	16a	Reserved		16b	
	17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E		17	
	18	Farm income or (loss). Attach Schedule F		18	
	19	Unemployment compensation		19	
	20a	Reserved		20b	
	21	Other income. List type and amount ▶		21	
22	Combine the amounts in the far right column. If you don't have any adjustments to income, enter here and include on Form 1040, line 6. Otherwise, go to line 23		22		

Foreign Income

Foreign Income

For AGI, foreign income is exempt from tax per Section 911 of IRC. Under MAGI, however, it is countable income. This can include any earned or unearned income from a foreign source including but not limited to:

- Wages
- Salaries
- Pensions
- Annuities
- Housing

See [WAC 182-509-0300](#)

Non-Countable Income

Non-Countable Income

Income that is not countable may include:

- Bona fide loans
- Federal income tax refunds
- Child support payments
- Title IV-E and state foster care maintenance payments
- Needs-based assistance from other agencies
- Veteran's disability and educational benefits
- Non-taxable time loss benefits / L&I benefits
- Death benefits from life insurance
- Gifts or inheritances
- SSI

See [WAC 182-509-0320](#)

Educational Income

Educational Benefits

Income from educational assistance programs used for educational purposes is not countable.

These can include programs administered by:

- Title IV of the Higher Education Amendments
- Department of Education
- Veteran's Administration
- Bureau of Indian Affairs
- Carl D. Perkins Vocational and Technology Education Act

See [WAC 182-509-0335](#)

Educational Benefits

Scholarships, awards, or fellowship grants used for educational purposes are not countable income when determining MAGI eligibility.

Some common examples include: Pell grants, State Need Grant, GI Bill payments, State and Federal Work Study, etc.

American Indian/Alaska Native

Income Types	Description	Counted
Per capita - tribal gaming	Payments made to tribal members from proceeds of tribal gaming.	Yes
Per capita - natural resources	Payments made to tribal members from proceeds of the harvest or sale of natural resources.	No
Needs based payments	Payments paid to tribal members based on financial need. These can include elder payments, child assistance payments, etc. Eligibility requirements apply.	No
General welfare payments	Payments paid to tribal members for the general welfare. These payments can include elder payments, scholarships, etc.	No
Bureau of Indian Affairs	Payments made for educational assistance.	No
Earned Income	Earned income that is related to the exercise of treaty rights, extraction of natural resources on trust/reservation land, and sales of culturally significant items. This income can include working for a tribal corporation as a fisherman, fish processor, accountant, and even security guard.	No
Self-employment Income	Self-employment income that is related to the exercise of treaty rights, extraction of natural resources on trust/reservation land, and sales of culturally significant items. This can include selling tribal artwork, pottery, and, baskets.	No

Lump Sums

Lump Sums

A lump sum is a one-time payment received and payments are not anticipated to be received again, or on a continuing basis.

Lump sums are only countable income if:

- They are a countable source of income; and
- Received in the month of application

See [WAC 182-509-0375](#)

Lump Sums

Scenario 1

Josephina applies for coverage in February and receives \$12,000 in March from a job fishing in Alaska. She fishes twice a year.

Is this countable income?

Lump Sums

Scenario 1 - Answer

Yes – This is not a lump sum.

This is countable earned income.

Lump Sums

Scenario 2

Maria applies for coverage in July. She sells business property in July and receives a capital gain of \$10,000.

This is Maria's only business property and she does not anticipate any more sales in the near future.

Is this countable income?

Lump Sums

Scenario 2 – Answer

Yes – this is a lump sum that would count in the month of application only.

This income would not be countable ongoing.

Income of Tax Dependents or Children Age 18 or Younger

Income of Tax Dependents or Children age 18 or Younger

Income of tax dependents or children age 18 or younger is only countable when it meets the tax filing threshold required for a single tax filer (as defined by 26 U.S.C. Sec. 6012 (a)(1)).

This rule applies regardless if the individual expects to file a federal tax return or not.

See [WAC 182-509-0360](#)

Income of Tax Dependents or Children age 18 or Younger

The 2018 tax filing threshold requirements are:

Income Type	Tax Filing Threshold Limit
Unearned Income	\$1,050
Earned Income	\$12,000
Both Earned/Unearned	The larger of \$1,050 or earned (up to \$11,650) plus \$350

Exception: Social Security income is never counted for tax dependents or children age 18 or younger because the tax filing threshold for it is so high.

Other Updates

Census Bureau Employment & Wages

Wages paid by the Census Bureau for temporary employment related to census activities is countable when determining eligibility for MAGI-related Apple Health.

Income only needs to be reported when it is over \$150 per month and expected to continue for more than two months.

Census Bureau Employment & Wages

Wages paid by the Census Bureau for temporary employment related to census activities do not count when determining eligibility for most Apple Health programs that are not based on MAGI rules, such as health care for individuals, who:

- Receive Supplemental Security Income
- Are eligible for Medicare
- Are eligible only for medically needy (MN) coverage because of household income
- Are enrolled in the Apple Health for Workers with Disabilities (HWD) program

Resources

Resources

MAGI Income Washington Administrative Codes

hca.wa.gov/free-or-low-cost-health-care/program-administration/income

United States Census 2020

2020census.gov/en/jobs/job-details.html

HCA Training & Education

hca.wa.gov/free-or-low-cost-health-care/apple-health-medicaid-coverage/stakeholder-training-and-education

HCA Area Representatives

hca.wa.gov/assets/free-or-low-cost/area_representatives.pdf