INTRADEPARTMENTAL MEMORANDUM
MAD GI: 16 -
DATE:

TO: **ISD AND MAD STAFF**

FROM: **MARY BROGDON, DIRECTOR, INCOME SUPPORT DIVISON**
NANCY SMITH-LESLIE, DIRECTOR, MEDICAL ASSISTANCE DIVISON

THRU: **ROY BURT, BUREAU CHIEF, ELIGIBILITY BUREAU**

BY: **JORDAN BARELA, ELIGIBILITY BUREAU**

SUBJECT: **CR 1949 TAX FILER RELATIONSHIPS**

The attached Job Aid 35 for CR 1949 Tax Filer Relationships has been created to assist field staff in coding MAGI Medicaid cases. This will ensure that the correct household budget group will be built based on MAGI methodology. This will also ensure that the appropriate income is considered when ASPEN is evaluating each MAGI EDG.

If you have any questions regarding this GI, please contact Lee Cabeza de Vaca, Training Staff Manager, at Lee.CabezadeVaca@state.nm.us or (505) 383-2009.

Attachment:
Tax File Relationships Job Aid

Job Aid 35: Tax Filer Relationships

Purpose
The purpose of this Job Aid is to assist in entering information into Data Collection when determining Tax Filer vs. Non-Tax Filer status, and to understand the difference between the two for Medicaid purposes. The most recent changes to ASPEN include changes to the Relationship, Individual Demographic, and the Eligibility pages.

How to determine Tax Filers, Tax Dependents, and Non-filers

❖ **Tax Filer:**
- A **Tax Filer** is the individual who (1) **INTENDS** to file a tax return for the tax year of the eligibility determination, and who (2) does not expect to be claimed as a tax dependent on someone else's taxes

❖ **Tax Dependent:**
- A **Tax Dependent** as an individual who expects to be claimed as a tax dependent by another taxpayer on his or her tax return for the tax year of the eligibility determination

❖ **Non-Tax Filer:**
- A **Non-Filer** is an individual in the household who does not intend to file taxes and who cannot be claimed as a tax dependent
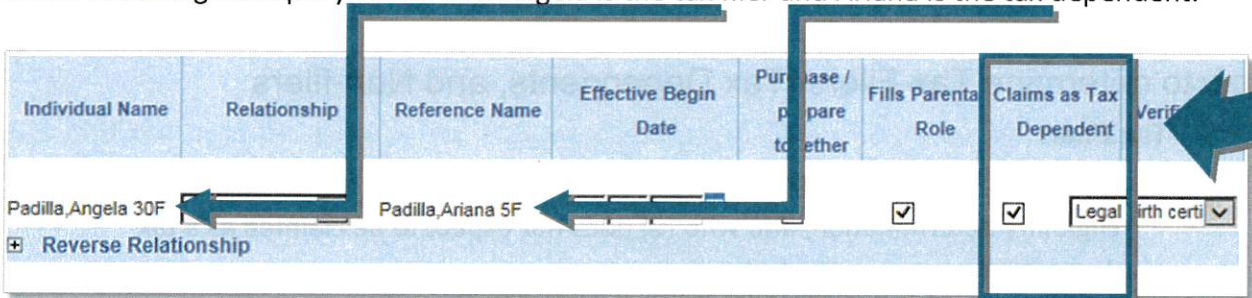
❖ **Tax Filer Exceptions:**
- Individual expects to be claimed by someone other than a parent
- Child lives with both parents: one parent expects to claim the children, but the parents do not file jointly
- Child lives with one parent but expects to be claimed by a non-custodial parent.

Changes in ASPEN

❖ **Relationship Screen**

- Claims as a tax dependent check box will now trigger additional information in Individual Demographics

- This check box helps ASPEN determine who are Tax Filers, Tax Dependents, and Non-tax Filers

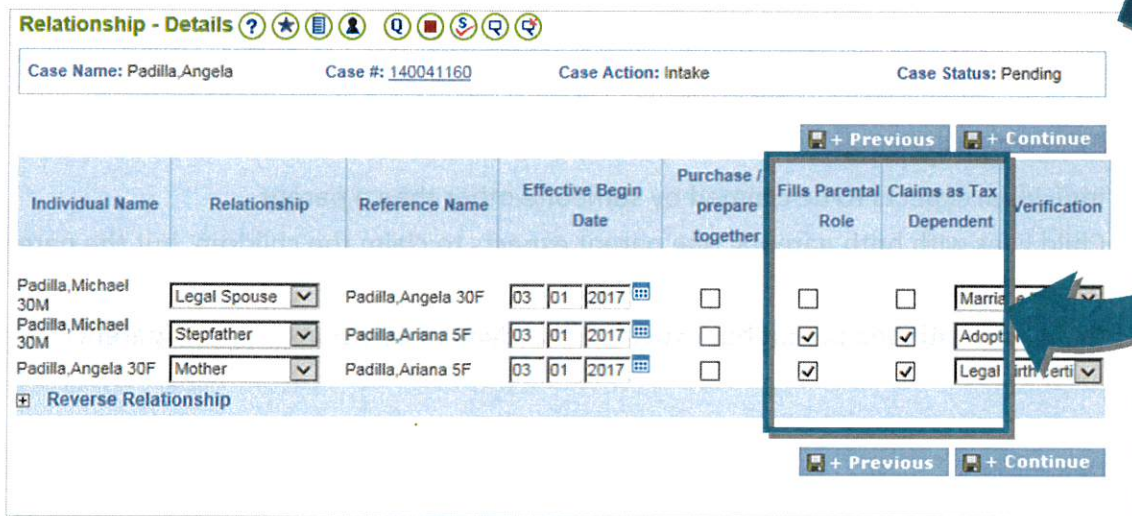In the following example you see that Angela is the tax filer and Ariana is the tax dependent.

Individual Name	Relationship	Reference Name	Effective Begin Date	Purchase / prepare together	Fills Parental Role	Claims as Tax Dependent	Verif
Padilla,Angela 30F		Padilla,Ariana 5F			☑	☑	Legal irth certi ⌄
⊞ Reverse Relationship							

Note: When there are two parents present on the case who plan to file jointly, claiming the children as dependents together, you need to mark both parents in the relationship screen as claiming the children as tax dependents.

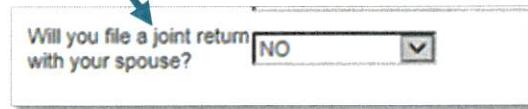In this example you can see both Michael and Angela claim Ariana as a tax dependent.

Relationship - Details ⑦ ★ 📄 👤 Ⓠ ⬛ 💲 🔲 🔲

Case Name: Padilla,Angela	Case #: 140041160	Case Action: Intake	Case Status: Pending

🖫 + Previous   🖫 + Continue

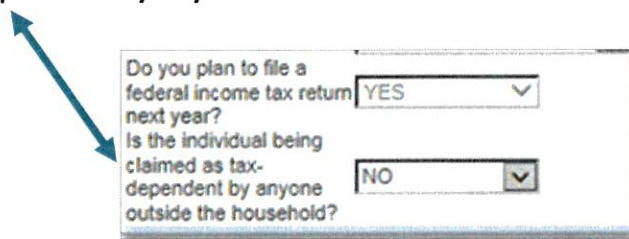| Individual Name	Relationship	Reference Name	Effective Begin Date	Purchase / prepare together	Fills Parental Role	Claims as Tax Dependent	Verification
Padilla,Michael 30M	Legal Spouse ⌄	Padilla,Angela 30F	03 01 2017 🗓	☐	☐	☐	Marria ⌄
Padilla,Michael 30M	Stepfather ⌄	Padilla,Ariana 5F	03 01 2017 🗓	☐	☑	☑	Adopt
Padilla,Angela 30F	Mother ⌄	Padilla,Ariana 5F	03 01 2017 🗓	☐	☑	☑	Legal irth certi ⌄
⊞ Reverse Relationship							

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❖ **Individual Demographic Screen**

- If the question "Do you plan to file a federal income tax return next year?" is marked yes, and there is a legal spouse present on the case, then the question **"Will you file a joint return with your spouse?"** will populate for additional information.

Will you file a joint return with your spouse? NO

- If the question "Do you plan to file a federal income tax return next year?" is marked **NO**, then the question **"Is the individual being claimed as a tax dependent by anyone outside the household?"** needs to be answered.

Do you plan to file a federal income tax return next year? YES
Is the individual being claimed as tax-dependent by anyone outside the household? NO

- These questions help determine household composition for ACA Medicaid cases. If an individual is being claimed as a tax dependent from anyone outside of the household, that person is a Non-filer.

- If the household fails to complete this question on the application, the application may be processed using Non-filer.

In the following example you will see that Angela plans to file federal income taxes next year. She will also not file jointly with a spouse, and she will not be claimed by someone outside the home. She is now known to ASPEN as a Tax Filer.

Individual Information

Name:	Padilla,Angela 30F	Individual #:	0410092876

Individual Demographics Dates

* When did the circumstance begin or change? `03` `01` `2017`   When did the circumstance end? `mm` `dd` `yyyy`

* When was the verification for the information received? `06` `14` `2017`

Presumptive Eligibility

Presumptive: `[ ▼ ]`   Presumptive Effective Month `mm` / `yyyy`

Individual Demographic Information

Identification Number: `[        ]`   * ID Verification: `Valid driver's license ▼`

State: `New Mexico ▼`   Marital Status: `Single-Never Married ▼`

Do you plan to file a federal income tax return next year? `YES ▼`   Will you file a joint return with your spouse? `NO ▼`

Is the individual being claimed as tax-dependent by anyone outside the household? `NO ▼`

❖ **Eligibility Determination Screen**

- When looking at the income for MAGI Medicaid EDG, you will see a "**Federal Deductions**" section which will display all applicable federal deductions.
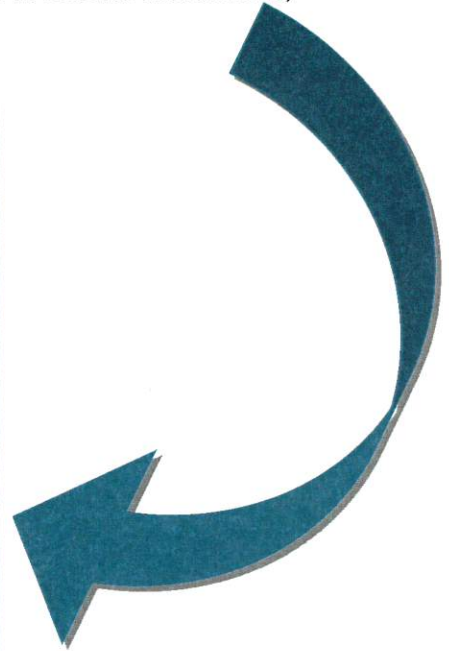
Federal Deduction

❖ Deductions are not allowed for ACA Medicaid. Instead federal exclusions are considered, and there is a 5% disregard. The deductions (or in ACA terminology - *exclusions*) are detailed in this section. This section provides greater detail into the type of exclusion the applicant/recipient is paying to include the type, amount paid, and the frequency.

Federal Deduction Type

❖ The Federal Deduction Type (or exclusions) consists of pre-tax deductions which are subtracted from gross earned income when an applicant/recipient pays them. Five allowable exclusions are listed. These include: (1) Health Savings Account, (2) School Tuition and Fees, (3) Student Loan Interest, (4) IRA deduction and (5) "Other." As there are many possible deductions, select "**Other**" if you encounter a deduction that is not provided in the dropdown list,.

❖ If "**Other**" is selected as a Federal Deduction Type, you need to identify the deduction type. You will find a longer list of federal deduction types in IRS Publications 525 and 17.

In the following example, you can see that Angela gets $50.00 a month in federal deductions, and it was deducted from her monthly gross income.

Case Name: Padilla, Angela		Case #: 140041160	
EDG Name:		EDG #: 410961	
Benefit Period: 07/01/2017-		Eligibility Status	
Certification Period: 06/01/2017-		Review Due Dat	
Earned Income:	: $	630.00	
Self Employment Income:	+ $	0.00	
Farm Loss Deduction:	+ $	0.00	
Total Earned Income:	= $	630.00	
Unearned Income:	= $	0.00	
Federal Deductions:	**- $**	**50.00**	
Net Countable Income:	: $	580.00	
Group Size (including unborn):	:	4	
Limit:	: $	923.00	
Result:	:	Pass	

- The **household size** will also be affected. It also includes the unborn child for full pregnancy and pregnancy services Medicaid.

In the following example, you can see that Angela's household size is 4. There are 2 people living in the home, but Angela is pregnant with twins. Therefore, you can see ASPEN has cascaded to the correct household size.

Case Name: Padilla, Angela		Case #: 140041160	
EDG Name:		EDG #: 410961	
Benefit Period: 07/01/2017-		Eligibility Status	
Certification Period: 06/01/2017-		Review Due Dat	
Earned Income:	: $	630.00	
Self Employment Income:	+ $	0.00	
Farm Loss Deduction:	+ $	0.00	
Total Earned Income:	= $	630.00	
Unearned Income:	= $	0.00	
Federal Deductions:	- $	50.00	
5% Disregard:	- $	0.00	
Net Countable Income:	: $	580.00	
Group Size (including unborn):	**:**	**4**	
Result:	:	Pass	