



Health Care Reform in Indian Country

Self-Governance Communication & Education

Self-Governance Tribes Striving Towards Excellence in Health Care

Frequently Asked Questions (FAQ)

COVID-19-Related Income: Marketplace and Medicaid Eligibility¹

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This issue brief from the IHS Tribal Self-Governance Advisory Committee (TSGAC) provides Tribes and Tribal organizations answers to questions regarding how economic impact payments and enhanced unemployment benefits provided to individuals under the recently enacted Coronavirus Aid, Relief, and Economic Security Act (CARES Act) impact eligibility for Marketplace assistance (premium tax credits (PTCs) and income-based cost-sharing protections) and Medicaid. A summary appears in Table 1 below.

Table 1: Treatment of COVID-19-Related Income for Determining Income Eligibility for Marketplace and Medicaid Assistance		
	Marketplace Assistance	Medicaid
What is the basis for determining income eligibility?	Anticipated annual income	Current income
Are selected benefits counted as income?:	--	--
<i>Economic impact payments (CARES Act)</i>	No	No
<i>Unemployment benefits (regular state-provided)</i>	Yes	Yes
<i>Enhanced unemployment benefits (CARES Act)</i>	Yes	No

MARKETPLACE

Q1. Are economic impact payments provided to individuals under the CARES Act counted as income for the purpose of determining eligibility for Marketplace assistance? (“Economic impact payments” are one-time payments of up to \$1,200 per adult and \$500 per child under age 17.)² (See A5 below for more information on how a Marketplace determines income eligibility for Marketplace assistance).

A1. No, as these economic impact payments are considered refundable tax credits, not income.

Q2. Are unemployment benefits counted as income for the purpose of determining eligibility for Marketplace assistance? (These are “regular” state-provided unemployment benefits.)

A2. Yes, as unemployment benefits are considered income for the purpose of determining eligibility for Marketplace assistance.

Q3. Are the enhanced unemployment benefits provided under the CARES Act counted as income for the purpose of determining eligibility for Marketplace assistance? (These are \$600 weekly supplemental payments.)

A3. Yes. The CARES Act does not exclude these (federal) enhanced unemployment benefits from income for the purpose of determining eligibility for Marketplace assistance.³

Q4. If individuals receive advance payments of PTCs for Marketplace coverage based on anticipated annual income between 100% and 400% of the federal poverty level (FPL) but, at the end of the tax

year, have actual income less than 100% FPL, do these individuals have to repay some or all of their PTCs?

A4. Yes, but repayment of any advance payments of PTCs for individuals with an actual household income less than 100% FPL is limited to \$300 for those with a “single” tax filing status and \$600 for those with other tax filing statuses (*e.g.*, married filing jointly).

All individuals, regardless of household income, will receive a completed Form 1095-A from the Marketplace if they (or a family member) were enrolled in Marketplace coverage at any point during the prior calendar year.⁴ Form 1095-A includes information on the months in which individuals were enrolled in Marketplace coverage, their monthly premiums, and any advance payments of PTCs received. Individuals use the information provided by Form 1095-A in filing their federal tax return.

Individuals who receive any advance payments of PTCs for Marketplace coverage during the prior calendar year (as indicated in Part III of Form 1095-A) must file Form 8962 along with their federal tax return (even if these individuals otherwise would not have to file a tax return).⁵ Individuals use Form 8962 to determine the amount of PTCs for which they qualify and reconcile with that amount any advance payments of PTCs received. If individuals received advance payments of PTCs that are less than the amount of PTCs for which they qualify, they will receive the difference as a reduction in their tax bill or an increase in their refund. However, if individuals received advance payments of PTCs that exceed the amount of PTCs for which they qualify, they will have to repay the excess amount, subject to certain limits, as follows (for tax year 2019):

- For individuals with a household income less than 200% FPL, \$300 for those with a “single” tax filing status and \$600 for those with other tax filing statuses;
- For individuals with a household income of at least 200% but less than 300% FPL, \$800 for those with a “single” tax filing status and \$1,600 for those with other tax filing statuses;
- For individuals with a household income of at least 300% but less than 400% FPL, \$1,325 for those with a “single” tax filing status and \$2,650 for those with other tax filing statuses;
- For individuals with a household income of at least 400% or greater, no limit applies, regardless of tax filing status.

Q5. How does a Marketplace determine income eligibility for Marketplace assistance?

A5. A Marketplace determines income eligibility for Marketplace assistance **based on the applicants’ anticipated modified adjusted gross income (MAGI) for the current tax year** (as reported by applicants).⁶ The MAGI calculation includes adjusted gross income (as reported on a federal income tax return), plus:

- Excluded foreign income;
- Nontaxable Social Security benefits; and
- Tax-exempt interest.

MEDICAID

Q6. Are economic impact payments provided to individuals under the CARES Act counted as income for the purpose of determining eligibility for Medicaid? (“Economic impact payments” are one-time payments of up to \$1,200 per adult and \$500 per child under age 17.)

A6. No, as these economic impact payments are considered refundable tax credits, not income. (See A9 below for more information on how states determine income eligibility for Medicaid).

Q7. Are unemployment benefits counted as income for the purpose of determining eligibility for Medicaid? (These are “regular” state-provided unemployment benefits.)

A7. Yes, unemployment benefits are considered income for the purpose of determining eligibility for Medicaid.

Q8. Are the enhanced unemployment benefits provided under the CARES Act counted as income for the purpose of determining eligibility for Medicaid? (These are \$600 weekly supplemental payments.)

A8. No. The CARES Act specifies that these (federal) enhanced unemployment benefits are not considered income for the purpose of determining eligibility for Medicaid.⁷

Q9. How do states determine income eligibility for Medicaid?

A9. The Affordable Care Act (ACA) established a new methodology for determining income eligibility for Medicaid, based on MAGI.⁸ The MAGI methodology, which considers taxable income and tax filing relationships, serves as the basis for determining income eligibility for most children, pregnant women, parents, and adults.^{9,10} Income eligibility requirements for Medicaid can vary both by eligibility category and by state. The federal government establishes minimum thresholds for income eligibility for Medicaid, but states can choose to provide coverage to individuals at higher income levels.¹¹

When determining whether Medicaid applicants meet income eligibility requirements, states consider the **current income of these individuals at the time they file their application**. Federal regulations require states to conduct Medicaid eligibility redeterminations for enrollees every 12 months.¹² During the 12-month coverage period, Medicaid enrollees generally must report to states any changes that might affect their eligibility, including changes in income. States also can conduct periodic data checks during the 12-month coverage period to identify potential changes that might affect the eligibility of Medicaid enrollees, including changes in income.

Q10. Are there special income rules for determining eligibility for Medicaid and Marketplace assistance—and calculating MAGI—for American Indians and Alaska Natives (AI/ANs)?

A10. Yes. MAGI is based on taxable, adjusted gross income reported to the Internal Revenue Service (IRS). Because some types of income specific to AI/ANs are non-taxable, this income is excluded when determining eligibility for Medicaid, CHIP, and Marketplace assistance (PTCs and income-based cost-sharing protections). Certain additional types of AI/AN income are excluded when determining eligibility for Medicaid and CHIP, even though they might be taxable. For AI/ANs, this means that MAGI might be slightly higher for the purpose determining eligibility for Marketplace assistance than it is for the purpose of determining eligibility for Medicaid.

An FAQ document on the treatment of AI/AN Trust income is available at

<https://www.cms.gov/Outreach-and-Education/American-Indian-Alaska-Native/AIAN/Downloads/AIAN-Trust-Income-and-MAGI.pdf>.

In determining whether AI/AN Medicaid applicants or enrollees meet income eligibility requirements, states must exclude certain AI/AN Trust income items from their income. These items include:

- Distributions from Alaska Native Claims Settlement Act (ANCSA) Corporations and Settlement Trusts;
- Distributions from trust/reservation property;
- Income from property and rights related to hunting, fishing, and natural resources;
- Income from the sale and use of cultural/subsistence property;
- Student financial assistance provided by the federal Bureau of Indian Affairs and/or a Tribe;
- Income that falls within the IRS General Welfare Doctrine; and
- Any other income considered non-taxable according to federal law or IRS guidance.¹³

¹ This FAQ document is for informational purposes only and is not intended as legal advice. For questions on this FAQ document, please contact Doneg McDonough, TSGAC Technical Advisor, at DonegMcD@Outlook.com.

² For more information, see <https://www.irs.gov/newsroom/economic-impact-payments-what-you-need-to-know>.

³ See section 2104(h) of the CARES Act.

⁴ For more information on Form 1095-A, see <https://www.irs.gov/affordable-care-act/individuals-and-families/health-insurance-marketplace-statements>.

⁵ For more information on Form 8962, see <https://www.irs.gov/forms-pubs/about-form-8962>.

⁶ See 45 CFR 155.320.

⁷ See section 2104(h) of the CARES Act.

⁸ MAGI is modified adjusted gross income. See 42 CFR 435.603.

⁹ The MAGI methodology does not apply to individuals who qualify for Medicaid on the basis of blindness, disability, or age (65 and older). For these individuals, states generally determine income eligibility for Medicaid based on the methodologies used by the SSI program.

¹⁰ For certain Medicaid eligibility categories—*e.g.*, children title IV-E adoption assistance, foster care, or guardianship care and young adults aging out of foster care—states do not require a determination of income eligibility. States also might determine Medicaid eligibility for some individuals based on their enrollment in other programs, such as SSI or the breast and cervical cancer treatment and prevention program.

¹¹ States can effectively increase income eligibility thresholds for Medicaid by disregarding additional amounts of household income for individuals whose eligibility determination does not rely on the MAGI methodology. The MAGI methodology does not allow for income disregards that vary by state or by eligibility group and does not permit an asset or resource test.

¹² For Medicaid enrollees to whom the MAGI methodology does not apply, states must conduct eligibility redeterminations at least once every 12 months.

¹³ See 45 CFR 435.603(e)(3).