



JENNIFER KENT  
Director

State of California—Health and Human Services Agency  
Department of Health Care Services



EDMUND G. BROWN JR.  
Governor

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TO: ALL COUNTY WELFARE DIRECTORS Letter No: 17-16  
ALL COUNTY ADMINISTRATIVE OFFICERS  
ALL COUNTY MEDI-CAL PROGRAM SPECIALISTS/LIAISONS  
ALL COUNTY PUBLIC HEALTH DIRECTORS  
ALL COUNTY MENTAL HEALTH DIRECTORS  
ALL CONSORTIA/SAWS PROJECT MANAGERS

SUBJECT: Planning to File/Expected to Be Required to File for Modified Adjusted Gross Income Medi-Cal

The purpose of this letter is to clarify policy regarding acceptance of an individual's Self-attestation of their plans to file taxes, their expectation to be required to file taxes, and the effect on the Modified Adjusted Gross Income (MAGI) Medi-Cal household determination.

**Background**

A. Expect to File

An individual's expectations regarding whether or not he or she will file taxes and/or be claimed as a tax dependent by another taxpayer affects their MAGI household composition as defined in Title 42, Code of Federal Regulations (C.F.R.), Section 435.603(f)(1) and (f)(3) and provided below:

*“(f) Household—(1) Basic rule for taxpayers not claimed as a tax dependent. In the case of an individual **who expects to file a tax return** for the taxable year in which an initial determination or renewal of eligibility is being made, and who does not expect to be claimed as a tax dependent by another taxpayer, the household consists of the taxpayer and, subject to paragraph (f)(5) of this section, all persons whom such individual expects to claim as a tax dependent.”*

*“(3) Rules for individuals who neither file a tax return nor are claimed as a tax dependent. In the case of individuals **who do not expect to file a Federal tax return** and do not expect to be claimed as a tax dependent for the taxable year in which an initial determination or renewal of eligibility is being made...”*

B. Expected to be required to file

In addition, a tax dependent's income counts toward the MAGI tax household if the tax dependent is expected to be required to file a tax return as defined in 42 C.F.R Section 435.603(d)(2) and provided below:

*“(d) Household Income...(2) Income of children and tax dependents. (i) The MAGI-based income of an individual who is included in the household of his or her natural, adopted, or step parent and **is not expected to be required to file a tax return** under Section 6012(a)(1) of the Code for the taxable year in which eligibility for Medicaid is being determined is not included in the household income of the taxpayer whether or not such tax dependent files a tax return.*

*(ii) The MAGI-based income of a tax dependent described in paragraph (f)(2)(i) of this section who **is not expected to be required to file a tax return** under Section 6012(a)(1) of the Code for the taxable year in which eligibility for Medicaid is being determined is not included in the household income of the taxpayer whether or not such tax dependent files a tax return.”*

### **Acceptance of Self-Attestation**

The county eligibility worker (CEW) must accept as true an individual's self-attestation to the following questions:

1. Is the tax filer planning to file taxes this year?
2. Is the tax filer's child or tax dependent expected to be required to file taxes this year?

The self-attested answers to the above tax filing questions shall be accepted as true, regardless of other information provided within the application that may appear to conflict with the individual's statements, such as the amount of their income and/or deductions. This is due to the fact that there may be circumstances known to the Internal Revenue Service (such as partnership losses and net loss carryovers for up to 20 years) or to the individual (such as an upcoming marriage or a terminal diagnosis)

that are not included or reported on the application. Such circumstances may affect the individual's expectations/requirements for filing taxes or claiming deductions.

### **Verification**

The California Healthcare Eligibility, Enrollment and Retention System (CalHEERS) will electronically send the income information provided by the applicants/beneficiaries to the federal hub for verification. If the attested income is reasonably compatible with the federal hub, the individual is eligible, as long as the individual meets all other eligibility criteria. If the income is not reasonably compatible, the system places the application in pending status for income verification.

State law requires the Department of Health Care Services (DHCS) to conduct an electronic verification through the federal hub before administratively verifying income information the individual has attested to on the application or renewal forms including, but not limited to, income and family size. (Welfare and Institutions Code, Section 14013.3). Therefore, the CEW shall verify information through the federal hub before requesting verification of information provided on the application or renewal forms.

### **Available MAGI Resources**

The "MAGI Household Size Flowchart" is a tool for determining each individual's MAGI household. After constructing the MAGI households, the "Whose Income Counts" flowchart identifies if the individual's income is counted in that tax household.

The flowcharts are available on the DHCS County Operations Support Website.

Household Composition: [http://www.dhcs.ca.gov/services/med-cal/eligibility/Documents/Co-OPS-Sup/MAGI-MCal-HHSizeFlowChart-v1\\_8-12-16.pdf](http://www.dhcs.ca.gov/services/med-cal/eligibility/Documents/Co-OPS-Sup/MAGI-MCal-HHSizeFlowChart-v1_8-12-16.pdf)

Whose Income Counts: <http://www.dhcs.ca.gov/services/med-cal/eligibility/Documents/Co-OPS-Sup/MAGIWhoseIncomeCounts.8-12-16pdf.pdf>

### Tax Filing Questions on Application Materials

The tax filing questions appear on the application materials as follows:

Paper Single Streamlined Application	The Request for Tax Household Information	Statewide Automated Welfare System (SAWS) 2 Plus (California Department of Social Services form)	Online Single Streamlined Application (CoveredCA Website)
Asks whether each person living in the home is going to file taxes for the benefit year.	Asks whether each person in the household plans to file a federal income tax return next year.	Asks whether anyone listed as being in the home plans to file a federal income tax return next year.	Asks whether each identified person is planning to file taxes this year.  Asks whether each identified person is expected to be required to file taxes this year.

DHCS will include both questions regarding an individual's plan to file taxes and their expected requirement to file taxes in the next revision to the paper single streamlined application. Additionally, the Department of Social Services will include both questions regarding an individual's plan to file taxes and their expected requirement to file taxes in the next revision to the SAWS 2 Plus paper application. DHCS will make every attempt to ensure consistent wording in the revised paper application. In the meantime, counties shall ask individuals who have submitted a paper application whether they expect to be required to file taxes and note the individual's response in the case record before sending the applicable information to CalHEERS.

If you have any questions on this issue, please contact Brooke Hennessy at (916) 327-0412 or by email at [Brooke.Hennessy@dhcs.ca.gov](mailto:Brooke.Hennessy@dhcs.ca.gov) or Sharyl Shanen-Raya at (916) 552-9449 or by email at [Sharyl.Shanen-Raya@dhcs.ca.gov](mailto:Sharyl.Shanen-Raya@dhcs.ca.gov).

Original Signed By

Sandra Williams, Chief  
Medi-Cal Eligibility Division