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D Budget Groups for MAGI

Policy

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This policy applies to the following MA groups:

- Adult;
- Caretaker Relative (including TMA and CC);
- Pregnant Woman;
- FPEP;
- Child; and
- KidsCare.

When a person's income is too high using the MAGI budget group and income rules, the Premium Tax Credit budget group and income rules are used. See section 2 below.

1) MAGI Budget Group

The people who must be included in the budget group depend on if the customer:

- Files taxes;
- Is claimed as a tax dependent; and
- Is living with a spouse, child, parent or sibling.

The person's income limit is based on the number of people in the MAGI Budget Group with one exception. The number of unborn children a pregnant woman is expecting are counted as part of her MAGI budget group only.

See <Example – Pregnant Woman's Budget Group>

MAGI Budget Group Chart

NOTE In the following table, any reference to a parent, child or sibling includes step-parents, step-children and step-siblings.

If the person is...	And...	Then the Budget Group is...
A taxpayer	Is not claimed as a tax dependent by someone else.	<ul style="list-style-type: none"> • The taxpayer; • Everyone the taxpayer expects to claim as a tax dependent; and • Taxpayer's spouse, when living together. <p><u>Exception:</u></p> <p>If the taxpayer is under age 19 and lives with a parent, the parent must be included in the taxpayer's budget group.</p> <p>See Taxpayer Budget Group for examples.</p>
A tax dependent under age 19	<p>Any of the exceptions below apply:</p> <ul style="list-style-type: none"> • Will be claimed by a non-custodial parent. • Will be claimed by a parent, lives with more than one parent, but the parents do not expect to file a joint return. 	Use the "Not a taxpayer or tax dependent" rules below for the person's age.

	<ul style="list-style-type: none"> Will be claimed by someone other than a spouse or parent. 	
	None of the tax dependent exceptions in the row above apply.	<ul style="list-style-type: none"> The taxpayer; Everyone the taxpayer expects to claim as a tax dependent; Taxpayer's spouse when living together; and The tax dependent's spouse, when living together. <p>See Tax Dependent Under Age 19 Budget Group for examples.</p>
A tax dependent age 19 or older	Is being claimed by a spouse or parent	<ul style="list-style-type: none"> The taxpayer; Everyone the taxpayer expects to claim as a tax dependent; Taxpayer's spouse when living together; and The tax dependent's spouse, when living together. <p>See Tax Dependent Age 19 or Older Budget Group for examples.</p>
	Is being claimed by someone OTHER than a spouse or parent	Use the "Not a taxpayer or tax dependent" rules below for the person's age.
Not a taxpayer or tax dependent	Is under age 19	<p>The child and if living with the child, the child's:</p> <ul style="list-style-type: none"> Spouse; Children (natural, adopted or stepchildren); Parents (natural, adoptive or stepparents); and Siblings (natural, adoptive or stepsiblings). <p>See Not a Taxpayer or Tax Dependent (under age 19) Budget Group for examples.</p>

	<p>Is age 19 or older</p>	<p>The person and if living with them, the person's:</p> <ul style="list-style-type: none"> • Spouse; and • Children (natural, adopted or stepchildren). <p>See Not a Taxpayer or Tax Dependent (age 19 or older) Budget Group for examples.</p>
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2) Premium Tax Credit Budget Group

If the income of the customer's MAGI budget group is higher than the income limit for the MAGI program, Premium Tax Credit rules are used.

The people who must be included in the budget group depend on if the customer:

- Files taxes; or
- Is claimed as a tax dependent.

The customer's income limit is based on the number of people in the budget group.

Premium Tax Credit Budget Group Chart

If the customer expects to...	Then the budget group includes...
<p>File a tax return</p> <p>OR</p> <p>Be claimed as a tax dependent</p>	<ul style="list-style-type: none"> • The tax filer; • The tax filer's spouse if filing a joint return; and • Everyone the tax filer expects to claim as a tax dependent.
<p>Not file a tax return</p> <p>OR</p>	<p>Premium Tax Credit rules do not apply. The person does not qualify.</p>

Not be claimed as a tax dependent	
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Definitions

Term	Definition
Child	A person under the age of 19.
Custodial Parent	<ul style="list-style-type: none"> • A parent who has a court order or binding separation, divorce, or custody agreement giving physical custody of the child, and maintains physical custody of the child; or • When there is no custody agreement or there is a shared custody agreement, the parent with whom the child spends most nights.
Living With, or Living Together	<p>People who occupy the same home or other residence. This includes people who are temporarily away from home but are expected to return. Some examples of reasons a person may be temporarily away from home include:</p> <ul style="list-style-type: none"> • Away at school, • Visiting friends or relatives; and • Hospitalized or in a medical institution.
Parent	A natural or adoptive parent or stepparent.
Sibling	Full, half, natural, step or adopted brother or sister.
Tax Dependent	A person claimed as a dependent on someone else's tax return. This can include a person who chooses to or must file a tax return of their own.
Taxpayer	<p>A person who:</p> <ul style="list-style-type: none"> • Expects to file a tax return for the current year, and • Will not be claimed as a tax dependent by someone else.

NOTE	Spouses who file a joint return and are not claimed as tax dependents by someone else are both considered tax payers.
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Proof

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Proof of Income

A person will be asked to provide proof of income for everyone in the budget group as needed. See [MA605](#) for more details on proof of income.

Proof of Marriage

A person's statement of marital status is accepted unless there is evidence to the contrary.

Proof of Parent/Child Relationship

Accept a person's statement unless there is evidence to the contrary. A person's statement includes a completed application listing a relationship of parent or child.

When there is conflicting information or the relationship is questionable, ask for other proof of relationship. Some items that show proof of relationship between a parent and child are:

- The child's birth certificate or other birth record;
- Court records; and
- Religious records.

Proof of Tax Filing Status

A person's statement about whether or not they are a taxpayer or a tax dependent is accepted unless there is evidence to the contrary. A person's statement includes a completed application listing:

- Taxpayers and their tax dependent; and
- Household members who are not taxpayers or tax dependents.

When there is conflicting or questionable taxpayer or tax dependent information, the person is asked for proof that supports the person's statement. Supporting information may include but is not limited to:

- Court records;

- Statement from the other parent of a tax dependent; and
- Prior years' tax records.

See <Example of conflicting tax filing information>

TAXPAYERS MAY CLAIM QUALIFYING FAMILY MEMBERS WHO LIVE IN MEXICO OR CANADA AS TAX DEPENDENTS. TAX DEPENDENTS DO NOT HAVE TO HAVE AN SSN. THE TAXPAYER CAN GET A TAX ID NUMBER FROM THE IRS. DO NOT ASK FOR MORE PROOF JUST BECAUSE A PERSON IS CLAIMING A TAX DEPENDENT WHO LIVES IN MEXICO OR CANADA, OR DOES NOT HAVE AN SSN.

Legal Authorities

Program	Legal Authorities
Adult	42 CFR 435.4
Caretaker Relative	42 CFR 435.110, 116, 118 and 119
Pregnant Woman	42 CFR 435.603
Child	
KidsCare	42 CFR 435.4 42 CFR 457.10, 300, 301 and 315 42 CFR 435.603

