

Health Care Finance and Administration	Section: Financial Eligibility
Policy Manual Number: 010.005	Chapter: Overview of Financial Eligibility

OVERVIEW OF FINANCIAL ELIGIBILITY

1. Overview

The Affordable Care Act (ACA) requires that financial eligibility for certain TennCare Medicaid categories and CoverKids be determined using the Modified Adjusted Gross Income (MAGI) methodology. Implementation of the MAGI methodology eliminates former references to AFDC/TANF policies and procedures for the applicable MAGI categories. The MAGI methodology is based on federal tax rules for determining adjusted gross income.

In general, the MAGI methodology is defined by the following characteristics:

- Financial eligibility is based on current monthly household income and household size;
- Taxable income is countable income;
- Non-taxable income is excluded income;
- There is no asset or resource test;
- There is a 5% disregard applied to income calculations when the disregard matters for determinations of eligibility; and
- Household size is determined by the principles of tax dependency.

2. Purpose

The ACA amended federal laws so that one eligibility determination methodology is used across all Insurance Affordability Programs: Medicaid, Children’s Health Insurance Programs (CHIP), referred to as CoverKids in Tennessee, and the Advance Premium Tax Credits (APTC) offered through the state and federal Exchanges. Minor differences exist between the Medicaid/CHIP and the APTC MAGI methodologies, but in general, the methodologies yield similar outcomes when determining financial eligibility.

3. Federally-Required MAGI Eligibility Categories

The ACA requires that the MAGI methodology, as written in federal regulations, be applied to the following categories:

- Child MAGI 0-1 (including Extended and Transitional);
- Child MAGI 1-5 (including Extended and Transitional);
- Child MAGI 6-18 (including Extended and Transitional);
- Presumptive Pregnancy;
- Pregnancy MAGI (including Extended and Transitional)
- Caretaker Relative MAGI (including Extended and Transitional);
- CoverKids; and
- HealthyTNBabies (CoverKids program).