



**Commonwealth of Massachusetts**  
**Executive Office of Health and Human Services**  
**Office of Medicaid**  
*www.mass.gov/masshealth*

MassHealth  
Eligibility Letter 232  
July 1, 2019

**TO:** MassHealth Staff

**FROM:** Daniel Tsai, Assistant Secretary for MassHealth

**RE: Revisions to Regulations about Household Composition and Noncountable Household Income**

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MassHealth has revised its regulations about MassHealth MAGI household composition at 130 CMR 506.002 (B)(2) and (B)(3) to clarify that MAGI households include the number of expected children of any pregnant woman.

Additionally, MassHealth has revised its regulations about noncountable household income at 130 CMR 506.004(B) by removing the reference to “sheltered workshop earnings” as these workshops are being phased out. MAGI rules continue to apply when determining financial eligibility.

These regulations are effective August 1, 2019.

#### **MANUAL UPKEEP**

<b><u>Insert</u></b>	<b><u>Remove</u></b>	<b><u>Trans. By</u></b>
506.002 (1 of 2)	506.002 (1 of 2)	E.L. 228
506.006 (2 of 2)	506.006 (2 of 2)	E.L. 228
506.004	506.004	E.L. 228
506.005	506.005	E.L. 230

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(B) MassHealth MAGI Household Composition.

(1) Taxpayers Not Claimed as a Tax Dependent on His or Her Federal Income Taxes. For an individual who expects to file a tax return for the taxable year in which the initial determination or renewal of eligibility is being made and who is not claimed as a tax dependent by another taxpayer, the household consists of

- (a) the taxpayer; including his or her spouse, if the taxpayers are married and filing jointly regardless of whether they are living together;
- (b) the taxpayer's spouse, if living with him or her regardless of filing status;
- (c) all persons the taxpayer expects to claim as tax dependents; and
- (d) if any woman described in 130 CMR 506.002(B)(1)(a) through (c) is pregnant, the number of expected children.

(2) Individuals Claimed as a Tax Dependent on Federal Income Taxes.

(a) For an individual who expects to be claimed as a tax dependent by another taxpayer for the taxable year in which the initial determination or renewal of eligibility is being made and who does not otherwise meet the Medicaid exception rules as described in 130 CMR 506.002(B)(2)(b)1., 2., or 3., the household consists of

1. the individual;
2. the individual's spouse, if living with him or her;
3. the taxpayer claiming the individual as a tax dependent;
4. any of the taxpayer's tax dependents; and
5. if any woman described in 130 CMR 506.002(B)(2)(a)1. through 4. is pregnant, the number of expected children.

(b) Medicaid Exceptions. Household size must be determined in accordance with non-tax filer rules for any of the following individuals

1. individuals other than the spouse or natural, adopted, or stepchild who expect to be claimed as a tax dependent by the taxpayer;
2. individuals younger than 19 years old who expect to be claimed by one parent as a tax dependent and are living with both natural, adopted or stepparents, but whose natural, adopted, or stepparents do not expect to file a joint tax return;
3. individuals younger than 19 years old who expect to be claimed as a tax dependent by a noncustodial parent. For the purpose of determining custody, MassHealth uses a court order or binding separation, divorce, or custody agreement establishing physical custody controls or, if there is no such order or agreement or in the event of a shared custody agreement, the custodial parent is the parent with whom the child spends most nights.

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(3) Individuals Who Do Not File a Federal Tax Return and Are Not Claimed as a Tax Dependent on a Federal Tax Return. For an individual who does not expect to file a federal tax return and who does not expect to be claimed as a tax dependent on a federal tax return or when any of the exceptions described at 130 CMR 506.002(B)(2)(b)1., 2., or 3. apply, the household consists of

- (a) the individual;
- (b) the individual's spouse if living with him or her;
- (c) the individual's natural, adopted, and stepchildren younger than 19 years old if living with him or her;
- (d) for individuals younger than 19 years old, the individual's natural, adoptive, or stepparents and natural, adoptive, or stepsiblings younger than 19 years old if living with him or her; and
- (e) if any woman described in 130 CMR 506.002(B)(3)(a) through (d) is pregnant, the number of expected children.

(C) MassHealth Disabled Adult Household. The household consists of

- (1) the individual;
- (2) the individual's spouse if living with him or her;
- (3) the individual's natural, adopted, and stepchildren younger than 19 years old if living with him or her; and
- (4) if any woman described in 130 CMR 506.002(C)(1), (2), or (3) is pregnant, the number of expected children.

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(D) Deductions. The following are allowable deductions from countable income when determining MAGI:

- (1) educator expenses;
- (2) reservist/performance artist/fee-based government official expenses;
- (3) health savings account;
- (4) moving expenses;
- (5) self-employment tax;
- (6) self-employment retirement account;
- (7) penalty on early withdrawal of savings;
- (8) alimony paid to a former spouse;
- (9) individual retirement account (IRA);
- (10) student loan interest; and
- (11) higher education tuition and fees.

506.004: Noncountable Household Income

The following types of income are noncountable in the determination of eligibility for individuals described at 130 CMR 506.002:

- (A) TAFDC, EAEDC, or SSI income;
- (B) federal veteran benefits that are not taxable in accordance with IRS rules;
- (C) income-in-kind;
- (D) roomer and boarder income derived from persons residing in the applicant's or member's principal place of residence;
- (E) most workers' compensation income;
- (F) pretax contributions to salary reduction plans for payment of dependent care, transportation, and certain health expenses within allowable limits;
- (G) child support received;
- (H) taxable amounts received as a lump sum, except in the month received;

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(I) income received by independent foster-care adolescents described at 130 CMR 505.002(H): *Eligibility Requirements for Former Foster-care Individuals*;

(J) income from children and tax dependents who are not expected to be required to file a tax return under *Internal Revenue Code*, U.S.C. Title 26, § 6012(a)(1) for the taxable year in which eligibility for MassHealth is being determined, whether or not the children or the tax dependents files a tax return; and

(K) any other income that is excluded by federal laws other than the Social Security Act.

506.005: Verification of Income

Verification of income is mandatory. Income may be verified either through electronic data matches or paper verification.

(A) Electronic Data Matches.

(1) Data Matches. MassHealth electronically matches with federal and state data sources described at 130 CMR 502.004: *Matching Information* to verify attested income.

(2) Reasonable Compatibility. The income data received through an electronic data match is compared to the attested income amount to determine if the attested amount and the data source amount are reasonably compatible. If these amounts are reasonably compatible, the attested income is considered verified for purposes of an eligibility determination. To be considered reasonably compatible

(a) both the attested income and the income from the data sources must be above the applicable income standard for the individual; or

(b) both the attested income and the income from the data sources must be at or below the applicable income standard for the individual; or

(c) the attested income is at or below the applicable standard and the income from the data sources is above the applicable standard but their difference is 10% or less; or

(d) the attested income is above the applicable standard and the income from the data sources is at or below the applicable standard.

(3) Self-attested Income. When self-attested income is reasonably compatible with the electronic data, the income amount used to determine eligibility is the self-attested amount.

(B) Paper Verification. If the attested income and the income from the electronic data source are not reasonably compatible, or if the electronic data match is unavailable, paper verification of income is required.

(1) Paper verification of monthly earned income includes, but is not limited to

(a) recent paystubs;

(b) a signed statement from the employer; or

(c) the most recent U.S. Individual Tax Return.

(2) Verification of monthly unearned income is mandatory and includes, but is not limited to

(a) a copy of a recent check or paystub showing gross income from the source;

(b) a statement from the income source, where matching is not available; or

(c) the most recent U.S. Individual Tax Return.