

## 2245 - LIVING WITH A SPECIFIED RELATIVE/TAX FILER/NON FILER STATUS

|   |   |
|---|---|
| <b>POLICY STATEMENT</b>   | Children in Non Modified Adjusted Gross Income (MAGI) Family Medicaid Classes of Assistance (COAs) must be related to and living in the home with a specified relative. Tax filing status, or non tax filing status, is used to determine household composition for MAGI Family Medicaid classes of assistance, with some exceptions.   |
| <b>BASIC CONSIDERATIONS</b><br><b>MAGI Family Medicaid COAs-Tax Filer</b> | <p>Tax rules are used for households that expect to file a tax return.</p> <p>All tax dependents that are expected to be claimed on the tax return are included in the budget group (BG).</p> <p>MAGI Family Medicaid Tax Filer BGs include:</p> <ul style="list-style-type: none"> <li>• the tax filer</li> <li>• the tax filer's spouse</li> <li>• their natural, biological, adopted and step child(ren)</li> <li>• the sibling(s), natural, biological, adoptive, half and step, of the child(ren) in the BG</li> <li>• any other individual(s) claimed as a dependent(s) on the tax filer's tax return. This includes related and non related child(ren) and/or adults.</li> <li>• any pregnant BG member's fetus(es). Refer to Section <a href="#">2184</a>, Pregnant Women.</li> </ul> <p><b>Note:</b> Accept the tax filer's statement on their expectations to file a tax return and the dependent(s) being claimed on the tax return. Document the case record.</p> <p>The exceptions to this rule are as follows:</p> <ul style="list-style-type: none"> <li>• Tax dependents that are not the spouse or child of the tax filer, such as extended relatives like nieces/nephews, grandchild(ren), or unrelated individuals living in the household.</li> </ul> <p><b>NOTE:</b> Foster parents are not allowed to claim foster children on their tax returns, as the state has custody of the children.</p> <ul style="list-style-type: none"> <li>• Children under the age of 19 with unmarried, mutual parents in the household. This includes: <ol style="list-style-type: none"> <li>1. Each parent expects file their own tax return, and one parent expects to claim the child as a dependent. Both parents are still financially responsible for the child and both net taxable incomes must be included in the budget.</li> <li>2. Unmarried couples with a common child in the home and the mother is pregnant. The net taxable income of the father must be counted in the budget. If there is no common child, his income would not be counted.</li> </ol> </li> </ul> |

**BASIC****CONSIDERATIONS****(cont'd)**

- Children under the age of 19 who are expected to be claimed as tax dependents by the non-custodial parent.

1. The Internal Revenue Service (IRS) allows non-custodial parents to claim a child on their tax return. In these situations, include the child(ren) in the AU of the home they live in even though the child(ren) is being claimed by the other parent who lives in a different home.

- Married couples not filing jointly

1. The IRS allows for married couples to file a tax return separately. When a married couple lives together, even if they don't expect to file together, both of their net taxable incomes are included in the AU.

2. This also applies for non qualified immigrant parents with child(ren) who are U.S. citizens. Count the parent(s) net taxable income.

- Pregnant Women

1. A pregnant woman and her fetus(es) are included in the BG for any MAGI Medicaid COA, even though the IRS will not allow an unborn child(ren) to be counted on a tax return. Medical verification is required if a pregnant A/R claims she is carrying more than one fetus, and this increase in AU size is needed to make her eligible for any MAGI COA other than Pregnant Woman.

**NOTE: If the AU is eligible without the medical verification of multiple fetuses, process the case counting her and one fetus. Refer to Section 2184, Pregnant Women.**

If a tax filer cannot reasonably establish that another individual is expected to be a tax dependent of the tax filer, include the individual in the household of the tax filer by using non tax filer rules.

**NOTE: If an A/R refuses to provide tax filer/non-tax filer status, the application should be denied or the existing case terminated for failure to verify.**

**MAGI Family Medicaid  
COAs- Non Tax Filer**

For households that do not file a tax return, include in the BG these individuals living in the home:

- the non tax filer adult
- the non tax filer's spouse
- their natural, biological, adopted and step child(ren) under 19 years of age
- the sibling(s), natural, biological, adoptive, half and step, of the child(ren) in the BG that are under 19 years of age.

**BASIC****CONSIDERATIONS****(cont'd)****Non MAGI Family  
Medicaid COAs**

The following Non MAGI Family Medicaid COAs do not require that the child(ren) live in the home of a specified relative:

- Family Medicaid Medically Needy (FM-MN)
- State Adoption Assistance (SAA)

The following Non MAGI Family Medicaid COAs require that a specified relative relationship is established prior to including the child(ren) in the budget group (BG):

- Women's Health Medicaid
- Planning for Healthy Babies (P4HB)

The following relationships meet the requirements of the specified relative:

- parents (either by birth or legal adoption)
- grandparents (up to great-great-great)
- siblings (whole or half)
- aunts/uncles (up to great-great)
- nieces/nephews (up to great-great)
- first cousin
- first cousin once removed (the child of a first cousin)
- spouses of any person named in the above group, even after the marriage is terminated by death or divorce.

**Procedures****MAGI Family Medicaid  
COA**

1. Determine if MAGI or non-MAGI rules should apply for the household. An individual could be included in the BG of a MAGI Family Medicaid COA and only be included in their ABD COA. If an individual(s) in the AU are 65 years of age or older, and if they are not a parent or caretaker of a child in the household, and not pregnant, non-MAGI (ABD) rules would apply for determining their AU for ABD Medicaid.
2. Determine individual assistance unit (AU) characteristics. For each individual in the household, determine if the individual is expected to file taxes, a tax dependent, or a non tax filer.

Refer to Section 2610, MAGI AU Composition.

**Non MAGI Family  
Medicaid COAs**

Relationship is established by one of the following:

- birth
- marriage
- legal adoption
- legal guardianship

|  |   |
|--|---|
| <p><b>Procedures<br/>(cont.)<br/>Non MAGI Family<br/>Medicaid COAs</b></p> | <p>An individual who has legal custody of a child does <b>NOT</b> meet the relationship requirement. Adoption or severance of parental rights does <b>NOT</b> terminate blood relationship for the specified relative requirement.</p> <p>The biological parent of a child who has been adopted continues to meet the relationship requirement, but is treated as a non-parent relative. When a child is adopted, the relatives of the adoptive parent(s) assume the new relationships created by the adoption.</p> <p>If a child is born or adopted after a marriage is terminated, the former spouse is <b>NOT</b> within the degree of relationship <b>UNLESS</b> s/he is the biological parent of the child.</p>        |
|  | <p>Trace the relationship of the child to the A/R and document the names and relationships of all direct and/or intermediate relatives.</p> <p>Accept the A/R's statement of relationship unless information known to the agency conflicts with the A/R's statement or is otherwise questionable.</p> <p>Document the following:</p> <ul style="list-style-type: none"> <li>• A/R's statement of relationship and living arrangements</li> <li>• Source of verification, if questionable.</li> </ul>  |
| <p><b>PROCEDURES<br/>(cont.)</b></p>                                       | <p>If relationship is questionable, document the questionable circumstances and verify relationship with one of the following:</p> <ul style="list-style-type: none"> <li>• adoption records</li> <li>• affidavits of persons present at the birth</li> <li>• baptismal or other church records</li> <li>• birth certificate of the child and the relative and any intermediary relative</li> <li>• census record</li> <li>• court record</li> <li>• family Bible</li> <li>• insurance record</li> <li>• marriage record</li> <li>• medical record</li> <li>• school record</li> <li>• Social Security record</li> <li>• vital statistics record</li> <li>• wills</li> <li>• other reliable genealogical record.</li> </ul> |