



MEPD and Texas Works Bulletin 19-2

Date: February 1, 2019

To: Eligibility Services – Regional Directors
Program Managers
Eligibility Services Supervisors
Regional Attorneys
Hearings Officers

From: Gina Carter, Deputy Associate Commissioner
Access and Eligibility Services Program Policy
State Office 2115

Subject: **1. Excluding Pretax Contributions from Gross Income for Modified Adjusted Gross Income (MAGI) Programs**
2. Mileage Rate Increase
3. 2019 Federal Poverty Level

Bulletins are sent to supervisors and other regional managers. Supervisors must share this information with all eligibility staff. Please ensure that copies are provided to staff that do not have access to e-mail. If you have any questions regarding the policy information in this bulletin, follow regional procedures.

Active bulletins are posted on the following websites:

- [Texas Works Handbook \(TWH\)](http://hhs.texas.gov/laws-regulations/handbooks/texas-works-handbook/texas-works-bulletins) at <http://hhs.texas.gov/laws-regulations/handbooks/texas-works-handbook/texas-works-bulletins>;
- [Medicaid for the Elderly and People with Disabilities Handbook \(MEPDH\)](http://hhs.texas.gov/laws-regulations/handbooks/medicaid-elderly-and-people-disabilities-handbook/mepd-policy-bulletins) at <http://hhs.texas.gov/laws-regulations/handbooks/medicaid-elderly-and-people-disabilities-handbook/mepd-policy-bulletins>.

1. Excluding Pretax Contributions from Gross Income for Modified Adjusted Gross Income (MAGI) Programs

Background

Modified Adjusted Gross Income (MAGI) rules are based on Internal Revenue Service (IRS) rules for counting income and are used to determine financial eligibility for Texas Works Medical Programs and federal insurance affordability programs.

Taxable wages are considered countable income when determining financial eligibility for MAGI types of assistance. The federal definition of gross income excludes pretax contributions. Pretax contributions can include dependent care accounts, health insurance and life insurance premiums, flexible spending accounts, retirement accounts, and commuter expenses.

Current Policy

[Texas Works Medical Programs](#)

Countable income for MAGI programs includes earned income, unearned income, self-employment income, American Indian (AI)/Alaska Native (AN) disbursements, and overpayments from any person who is included in the person's MAGI household composition, and if applicable, the person's alien sponsor (A-1300, Income). Currently, pretax contributions are not excluded from countable earned income when determining a person's MAGI income. Additionally, applications for assistance do not capture pretax contributions information.

New Policy

[Texas Works Medical Programs](#)

Pretax contributions are excluded from countable earned income when determining a person's MAGI income.

When a person provides verification of their earned income (e.g., paystubs), staff must review the documents to determine if the person makes pretax contributions through their employer. Staff must not pend the case if they are unable to identify pretax contributions from the person's income verification.

Example - Paystub

Paycheck Summary							
Period	Gross Earnings	Fed Taxable Gross	Oasdi Taxable Gross	Med Taxable Gross	Total Taxes	Total Deductions	Net Pay
Current	4,574.77	3,279.70	3,814.30	3,814.30	535.03	1,360.02	2,679.72
YTD	4,574.77	3,279.70	3,814.30	3,814.30	535.03	1,360.02	2,679.72

Earnings				Taxes		
Description	Hours	Amount	YTD Amount	Description	Amount	YTD Amount
Base Pay	168.00	4,434.77	4,434.77	Fed Withholding	243.23	243.23
LOG		140.00	140.00	Fed MED/EE	55.31	55.31
				Fed OASDI/EE	236.49	236.49
Total:		4,574.77	4,574.77	Total:	535.03	535.03

Before-Tax Deductions			After Tax Deductions			Employer Paid Benefits		
Description	Amount	YTD Amount	Description	Amount	YTD Amount	Description	Amount	YTD Amount
MED	597.70	597.70	TSEU	25.00	25.00	MED	1,220.30	1,220.30
DEN	97.38	97.38	DLF	1.38	1.38	Basic Life	2.22	2.22
VIS	12.94	12.94	LTD	28.82	28.82	OLF Taxable	9.75	9.75
OLF	13.20	13.20				ERS RET	434.60	434.60
ADD	8.00	8.00				PRC - ERS	22.17	22.17
457000	100.00	100.00						
HCRA00	41.00	41.00						
ERS RET	434.60	434.60						
Total:	1,304.82	1,304.82	Total:	55.20	55.20	Total:	1,689.04	1,689.04

Automation

Changes to the Texas Integrated Eligibility Redesign System (TIERS) and applications for assistance to support the new policy will be included in a future release. Staff will be notified when these changes are implemented.

Until then, staff must use **Contingency Processing Method, (CPM) # 829306 Excluding Pre-Tax Contributions from Gross Income for MAGI Determinations**, when processing eligibility determinations for MAGI programs. Staff will be notified when the CPM is active.

Effective Date

The policy is effective for all case actions disposed on or after March 1, 2019.

Handbook

The Texas Works Handbook updates are scheduled for July 2019.

Training

Training is not required.

2. Mileage Rate Increase

Background

On December 14, 2018, the Internal Revenue Service (IRS) issued the standard mileage reimbursement amount for 2019 which were effective January 1, 2019. The mileage rate is revised for state travel based on the current IRS rate.

Households may claim deductions for transportation expenses related to self-employment for all Texas Works programs (TWH A-1323.4.5 Car and Truck Expenses) and medical costs for SNAP (TWH A-1428.1 under the **Note**).

Current Policy

The mileage rate for is 54.5 cents per mile.

New Policy

The mileage rate for 2019 is now 58 cents per mile.

Automation

This change does not require automation changes.

Effective Date

The policy is effective for all case actions disposed on or after March 1, 2019.

Handbook

The Texas Works Handbook updates are scheduled for April 2019.

Training

Training is not required.

3. 2019 Federal Poverty Level

Background

The United States Department of Health and Human Services (HHS) updates the federal poverty level (FPL) annually. Texas Health and Human Services Commission (HHSC) uses the FPL to annually adjust amounts used for eligibility determinations for certain Medicaid programs and the Children's Health Insurance Program (CHIP). Texas HHSC converts the FPL to a monthly income amount to be used to determine the applicable FPL for each program and the Standard Modified Adjusted Gross Income (MAGI) disregard amounts.

2019 Federal Poverty Limits

MEPD

Medicare Savings Programs (MSP)

Income Limits

- Qualified Medicare Beneficiaries (QMB) – 100 percent FPL
 - Individual: \$1,041
 - Couple: \$1,410

The 2019 QMB deeming amount is \$369.

- Specified Low-Income Medicare Beneficiaries (SLMB) – 120 percent FPL
 - Individual: \$1,249
 - Couple: \$1,691

The 2019 SLMB deeming amount is \$442.

- Qualifying Individuals (QI-1) – 135 percent FPL
 - Individual: \$1,406
 - Couple: \$1,903

The 2019 QI-1 deeming amount is \$497

- Qualified Disabled Working Individuals (QDWI) – 200 percent FPL
 - Individual: \$2,082
 - Couple: \$2,819

The 2019 QDWI deeming amount is \$737.

Resource Limits

The MSP resource limits are adjusted annually based on changes in the Consumer Price Index (CPI). Effective January 1, 2019, the resource limits for Qualified Medicare Beneficiaries (QMB), Specified Low-Income Medicare Beneficiaries (SLMB), and Qualifying Individuals - 1 (QI-1) changed.

The 2019 resource limits for QMB, SLMB, and QI-1 are as follows:

- Individual: \$7,730
- Couple: \$11,600

The resource limits for the Qualified Disabled and Working Individuals (QDWI) program are twice the countable resources allowed under the SSI program and will remain the same.

- Individual \$4,000
- Couple \$6,000

Medicaid Buy-in (MBI) Program

- The MBI income limit is 250 percent FPL for a person. The 2019 amount is \$2,603.
- Use the new 2019 FPL amounts listed below when calculating MBI premium payments:

150% of FPL	\$1,562
185% of FPL	\$1,926
200% of FPL	\$2,082
250% of FPL	\$2,603

Medicaid Buy-In for Children (MBIC)

- The MBIC income limit is 150 percent FPL based on family size.
- The 2019 amounts are listed below:

Family Size	150% FPL
1	\$1,562.00
2	\$2,114.00
3	\$2,667.00
4	\$3,219.00

5	\$3,772.00
6	\$4,324.00
7	\$4,877.00
8	\$5,429.00

- The 2019 ineligible sibling exclusion amount is $(\$1,562 \times 2) + \$85 = \$3,209$.
- Use the new 2019 FPL amounts listed below when calculating MBIC premium payments:

Family Size	150% FPL	200% FPL	300% FPL
1	\$1,562.00	\$2,082.00	\$3,123.00
2	\$2,114.00	\$2,819.00	\$4,228.00
3	\$2,667.00	\$3,555.00	\$5,333.00
4	\$3,219.00	\$4,292.00	\$6,438.00
5	\$3,772.00	\$5,029.00	\$7,543.00
6	\$4,324.00	\$5,765.00	\$8,648.00
7	\$4,877.00	\$6,502.00	\$9,753.00
8	\$5,429.00	\$7,239.00	\$10,858.00

Texas Works Programs

2019 FPL Amounts by Type of Assistance (TP and TA)

Family Size	133% FPL (3-1-19) TP 44, 34, TA 76	144% FPL (3-1-19) TP 48, 33, TA 75	185% FPL (3-1-19) TP 07	198% FPL (3-1-19) TP 40, 42, 43, 36, 35, TA 74	200% FPL (3-1-19) TA 41	201% FPL (3-1-19) TA 84	202% FPL (3-1-19) TA 85	400% FPL (3-1-19) TA 77	413% FPL (3-1-19) TP 70
1	\$1,385	\$1,499	\$1,926	\$2,061	\$2,082	\$2,093	\$2,103	\$4,164	\$4,299
2	\$1,875	\$2,030	\$2,607	\$2,791	\$2,819	\$2,833	\$2,847	\$5,637	\$5,820
3	\$2,365	\$2,560	\$3,289	\$3,520	\$3,555	\$3,573	\$3,591	\$7,110	\$7,342
4	\$2,854	\$3,090	\$3,970	\$4,249	\$4,292	\$4,314	\$4,335	\$8,584	\$8,863
5	\$3,344	\$3,621	\$4,652	\$4,979	\$5,029	\$5,054	\$5,079	\$10,057	\$10,384
6	\$3,834	\$4,151	\$5,333	\$5,708	\$5,765	\$5,794	\$5,823	\$11,530	\$11,905
7	\$4,324	\$4,682	\$6,015	\$6,437	\$6,502	\$6,535	\$6,567	\$13,004	\$13,426
8	\$4,814	\$5,212	\$6,696	\$7,166	\$7,239	\$7,275	\$7,311	\$14,477	\$14,948
9	\$5,304	\$5,742	\$7,377	\$7,896	\$7,975	\$8,015	\$8,055	\$15,950	\$16,469
10	\$5,794	\$6,273	\$8,059	\$8,625	\$8,712	\$8,756	\$8,799	\$17,424	\$17,990
11	\$6,284	\$6,803	\$8,740	\$9,354	\$9,449	\$9,496	\$9,543	\$18,897	\$19,511
12	\$6,774	\$7,334	\$9,422	\$10,084	\$10,185	\$10,236	\$10,287	\$20,370	\$21,033
13	\$7,263	\$7,864	\$10,103	\$10,813	\$10,922	\$10,977	\$11,031	\$21,844	\$22,554
14	\$7,753	\$8,394	\$10,784	\$11,542	\$11,659	\$11,717	\$11,775	\$23,317	\$24,075

15	\$8,243	\$8,925	\$11,466	\$12,272	\$12,395	\$12,457	\$12,519	\$24,790	\$25,596
For each additional member	\$490	\$531	\$682	\$730	\$737	\$741	\$745	\$1474	\$1522

Standard MAGI Income Disregard

2019 Five Percentage Points of FPL	
Family Size	2019 Monthly Disregard Amount
1	\$52.05
2	\$70.50
3	\$88.90
4	\$107.30
5	\$125.75
6	\$144.15
7	\$162.55
8	\$181.00
9	\$199.40
10	\$217.80
11	\$236.25
12	\$254.65
13	\$273.05
14	\$291.50
15	\$309.90
Per each additional person	\$18.45

2019 IRS Monthly Income Thresholds

- The IRS monthly income thresholds are used to determine if a person’s income must be counted when calculating Modified Adjusted Gross Income (MAGI) financial eligibility, as explained in [A-1341](#). Income Limits and Eligibility Tests, for Medical Programs, Step 3.
- To determine whether a person is required to file a federal income tax return, compare the specified income types to the IRS thresholds in the following table:

Type of Income	2019 Threshold	Apply Threshold Value in Form H1042 , Modified Adjusted Gross Income (MAGI) Worksheet: Medicaid and CHIP
Unearned Income	\$87.50	<ul style="list-style-type: none"> • Pages 5-7, Step 3, Line 7 • Pages 5-7, Step 3, Line 9
Earned Income	\$1,000.00	<ul style="list-style-type: none"> • Pages 5-7, Step 3, Line 8

Process Update

Processing Case Actions

When processing a case action on or after February 4, 2019, use the following chart to determine when the new FPL and IRS Monthly Income Threshold amounts will be used:

If providing coverage for...	use the...
March 2018 through February 2019	2018 income limits and threshold amounts
March 2019 through February 2020	updated, 2019 income limits and threshold amounts

If providing coverage for months in both time periods, the 2018 income limits and threshold amounts are used for months before March 2019 and the 2019 income limits and threshold amounts are used for March 2019 and later.

Processing Form H1146, Medicaid Report, for Transitional Medicaid Cases

When processing a Form H1146 for Transitional Medicaid (TP 07) EDGs, use the following chart to determine when the updated, 2019 income limits will be used:

If Form H1146 is due...	use the...
February 2019 or earlier	2018 income limits
March 2019 or later	updated, 2019 income limits

Automation

Updates to the Texas Integrated Eligibility System (TIERS) will be implemented February 4, 2019.

For MEPD programs, TIERS:

- uses the 2019 FPL amounts for coverage effective March 1, 2019, and later; and
- re-budgets all active MSP and MBIC cases using the 2019 FPL amounts.

For Texas Works programs, TIERS:

- uses the 2019 FPL amounts for coverage effective March 1, 2019 and later; and
- uses the 2019 IRS Monthly Income Thresholds for coverage effective March 1, 2019 and later when calculating MAGI eligibility.

Effective Date

The policy is effective for all case actions disposed on or after March 1, 2019.

Handbook

The Texas Works Handbook updates are scheduled for April 2019.

The MEPD Handbook updates are scheduled for June 2019.

The Appendix XXXI, Budget Reference Chart, and Appendix L, Income/Resources Reference Chart updates are reflected on the LOOP.

Training

Training will be updated with the adjusted 2019 amounts.