

**NUMBER**

#21-21-05

**DATE**

May 6, 2021

**OF INTEREST TO**

County Directors  
Social Services Supervisors and  
Staff  
Financial Assistance Supervisors  
and Workers  
Case Managers  
Navigators, In-person assisters,  
and Certified Application  
Counselors  
Tribal Governments (Tribes)  
Health Care Eligibility  
Operations (HCEO) Managers,  
Supervisors, and Staff

**ACTION/DUE DATE**

Implement immediately

**EXPIRATION DATE**

May 6, 2023

## DHS Announces a Change to the MAGI Methodology for Medical Assistance and MinnesotaCare

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### TOPIC

A change to the modified adjusted gross income (MAGI) methodology for Medical Assistance and MinnesotaCare.

### PURPOSE

To provide a policy change to the MAGI methodology for Medical Assistance and MinnesotaCare.

### CONTACT

Counties, tribal agencies, and HCEO should submit policy questions via HealthQuest. All others should direct questions to the following:

Health Care Eligibility and Access (HCEA) Division  
PO Box 64989 540 Cedar Street St. Paul, MN 55164-0989

### SIGNED

MATT ANDERSON

Assistant Commissioner/State Medicaid Director  
Health Care Administration

### TERMINOLOGY NOTICE

The terminology used to describe people we serve has changed over time. The Minnesota Department of Human Services (DHS) supports the use of "People First" language.

## I. Background

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The federal Patient Protection and Affordable Care Act of 2010 requires states to adopt the MAGI-based methodology to calculate income when determining Medical Assistance (MA) financial eligibility for parents, caretaker relatives, pregnant women, children and adults without children ages 21 through 64 years old. Federal regulations also require MinnesotaCare, as a Basic Health Program, to use the MAGI methodology.

Public Law No. 116-136, the Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES act, was signed into law on March 27, 2020, in response to the COVID-19 emergency. Section 2204 of the CARES act allows taxpayers who do not itemize deductions to claim up to \$300 per tax household for cash donations made to certain charitable organizations. The charitable contributions adjustment is subtracted from the household's gross income, and lowers the household's adjusted gross income.

This bulletin adds the charitable contributions adjustment to the MAGI methodology and describes how the new adjustment applies when determining eligibility for MA, MinnesotaCare and the Minnesota Family Planning Program. The policies in this bulletin apply to all applicants and enrollees whose eligibility is determined using the MAGI methodology. These policies are effective immediately. The next update to the MNsure Application for Health Coverage and Help Paying Costs (DHS-6696) and the Minnesota Family Planning Program Application (DHS-4740) will include the charitable contributions adjustment. Also, we will update the Eligibility Policy Manual, including the [MAGI Fact Sheet](#), to include the charitable contributions adjustment.

## II. The Charitable Contributions Adjustment

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Adjustments to income are subtracted from applicants' and enrollees' income to calculate their MAGI. The types of federal income tax adjustments that appear on the 2020 Internal Revenue Service (IRS) Form 1040 (lines 10 a - c) and IRS Schedule 1 (lines 10 – 22) are the only adjustments that can be subtracted from a person's income. A person whose eligibility is calculated using the MAGI methodology does not have to be a tax filer or a member of a tax filing household to have income adjustments.

Effective immediately, applicants and enrollees can use a charitable contributions adjustment to lower their MAGI for MA and MinnesotaCare. The charitable contributions adjustment is limited to \$300 yearly for households that include single people, heads of households and married couples filing jointly. The limit for married taxpayers who expect to file separate tax returns is \$150 each, yearly.

## III. Verification of Charitable Contributions Adjustment

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### **Medical Assistance for Families with Children and Adults (MA-FCA) and the Minnesota Family Planning Program**

The county, tribal or state servicing agency must request paper proof from an applicant or enrollee when electronic data sources are unavailable or unable to verify current income, including excluded income and adjustments. When paper proof of a charitable contributions adjustment is required, accept one of the following:

- A copy of the last filed IRS form 1040 (2020 or later) with this adjustment listed.
- A copy of donation receipts or acknowledgements indicating monetary contributions of at least the amount attested, made in the past year, or donations made or to be made within the current year.
- Paper proof that indicates a history of monetary charitable contributions, charitable contributions already made or to be made within the 12-month eligibility period, totaling at least the amount attested.
- If paper proof is not available, accept self-attestation of a maximum of \$300 yearly for households including single or married people, or \$150 each yearly for married couples filing separately. See bulletin [#20-21-11](#) for more information about when self-attestation is acceptable.

## MinnesotaCare

When electronic data sources are unavailable or unable to verify projected annual income, and paper proof is required, people must submit their federal tax return if they have filed taxes in the past three years. If their tax return does not include a charitable contributions adjustment or deduction of at least the amount attested, other proof of the charitable contributions adjustment is required. Accept one of the following as proof of charitable contributions:

- A copy of donation receipts or acknowledgements indicating monetary contributions of at least the amount attested, made in the past year, or donations made or to be made within the current year.
- Paper proof that indicates a history of monetary charitable contributions, charitable contributions already made or to be made within the year, totaling at least the amount attested.
- A signed Yearly Income Statement ([DHS-7117](#)) can verify projected annual income for a person who is unable to provide other proof. Accept a Yearly Income Statement that indicates charitable contributions of at least the amount attested, as proof of the charitable contributions adjustment.
- A signed affidavit that indicates the person intends to make monetary charitable contributions is acceptable for a person who is unable to provide other proof.

## IV. Action Required

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Effective immediately, county, tribal and DHS workers must follow the policies outlined in this bulletin. We will post instructions for including the charitable contributions adjustment in a SIR announcement.

## V. Legal References

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Coronavirus Aid, Relief, and Economic Security Act (Public Law No. 116-136)

## **Americans with Disabilities Act (ADA) Advisory**

This information is available in accessible formats for people with disabilities by calling 800-657-3672 or 651-297-3862 or by using your preferred relay service. For other information on disability rights and protections, contact the agency's ADA coordinator.