



Bulletin

NUMBER

#16-21-07C

DATE

November 14, 2016

OF INTEREST TO

County Directors

Social Services Supervisors
and Staff

Financial Assistance
Supervisors and Staff

Case Managers

Navigators, In-person
Assisters, and Certified
Application Counselors

Tribal Governments
(Tribes)

Health Care Eligibility
Operations Managers,
Supervisors, and Staff

ACTION/DUE DATE

Please read and
implement.

EXPIRATION DATE

November 14, 2018

Corrected #16-21-07: DHS Provides Projected Annual Income (PAI) Policy

TOPIC

PAI eligibility policy for certain insurance affordability programs.

PURPOSE

To correct an example provided in the original bulletin.

CONTACT

Submit policy questions to HealthQuest.

Direct all other questions to the following address:
Health Care Eligibility and Access (HCEA) Division
P.O. Box 64989
540 Cedar Street
St. Paul, MN 55164-0989

SIGNED

NATHAN MORACCO
Assistant Commissioner
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.

Note about corrected information: On August 5, 2016, the Minnesota Department of Human Services (DHS) issued bulletin #16-21-07, which provided policy about projected annual income. In the example in subsection III.C, PAI and Changes in Circumstance, the eligibility information in the last sentence of the example caused some confusion given the date and income figures provided. In this corrected bulletin, we have revised the example so that there is no confusion about the eligibility information in the last sentence.

I. Definitions

Projected annual income. Projected annual income (PAI) is the modified adjusted gross income (MAGI) that a person expects to have for a calendar year.

Modified adjusted gross income. MAGI is a person has adjusted gross income (AGI) plus nontaxable Social Security benefits, tax-exempt interest, and foreign earned income.

Adjusted gross income. AGI is all taxable income a person receives minus any adjustments listed on the front page of the 1040 tax form. AGI includes losses that may offset or reduce taxable income, such as self-employment losses (including business, partnership, S corporation, trust, capital, and other losses), rental real estate losses, farm losses, and net operating loss carryforwards.

Social Security benefits. Social Security benefits are payments defined under Title II of the Social Security Act and Railroad Retirement payments. Title II of the Social Security Act defines payments for the Retirement, Survivors, and Disability Insurance (RSDI) and Social Security Disability Insurance (SSDI) programs. Social Security benefits do not include Supplemental Security Income (SSI), which is not taxable income and not counted in MAGI.

II. Background and Introduction

PAI is used to determine MinnesotaCare financial eligibility and the MinnesotaCare premium amount. For advanced premium tax credits (APTC), PAI is used in combination with household size, tax-filing status, and the applicable benchmark premium to determine eligibility and the amount of the tax credit. The use of PAI for MinnesotaCare and APTC began January 1, 2014.

Financial eligibility for MinnesotaCare and APTC is determined differently than for MA. MA eligibility is determined using current income and adjustments, not PAI. When an application filer completes an application for insurance affordability programs (IAPs), he or she must provide current income, adjustments, and PAI for each person included on the

application. PAI is not necessarily an annualized version of current income and adjustments.

This bulletin clarifies PAI policy. Because Minnesota has an integrated eligibility system that determines eligibility for all IAPs, it is important that all users of the Minnesota Eligibility Technology System (METS) understand PAI.

III. PAI Policy

PAI is the total MAGI that a person expects to have for a calendar year. Both MinnesotaCare and APTC use household PAI to determine financial eligibility. For a household that expects to file taxes, household PAI consists of the tax filer's PAI and the PAI for each tax dependent who we expect will be required to file a federal tax return.

A household that does not expect to file taxes may qualify for MinnesotaCare. For a household that does not expect to file taxes, household PAI consists of the PAI of everyone included in the MinnesotaCare household composition. For non-tax-filing households, we do not count the income of a child (regardless of age) when the parent is included in the MinnesotaCare household composition and we do not expect the child will be required to file a federal tax return. If a parent is not included in the MinnesotaCare household composition, the PAI of the child counts in the household PAI.

When a person is requesting coverage for the current calendar year, PAI consists of the MAGI a person has already received for the year as well as the MAGI the person expects to receive for the remaining months of the year. When a person is requesting coverage for a future calendar year, PAI consists of the MAGI a person expects to receive for that year.

MinnesotaCare and APTC determine financial eligibility using the PAI provided by the person. Establishing a person's PAI is the responsibility of the person. However, agencies must help people calculate their PAI when people ask for help or when they report a change in income. Agencies also must resolve conflicting information about a person's PAI.

A. PAI at Application

When an application filer completes an application for IAPs, he or she must provide information about the income and adjustments that each person included on the application currently receives or expects to receive in the next 12 months. The application filer provides the income and adjustments that each person would include in his or her MAGI. This information is needed to determine eligibility for MA. The application filer also provides the PAI that each person included on the application expects to have for the calendar year. The application filer does not need to provide detailed information about past income received before the eligibility period, income no longer received, or end dates for income that will end in the future.

For some people, PAI is equal to their current income and adjustments calculated as an annual figure. However, for people who have had a change in income earlier in the year before submitting the application or who expect to have income end during the year, PAI will not equal their current income and adjustments calculated as an annual figure. Therefore, an applicant or enrollee may attest to a PAI that is different from his or her current income. MinnesotaCare and APTC use the PAI a person provides to determine financial eligibility.

B. PAI and Temporary Income

Temporary income that has ended earlier in the calendar year or that a person expects to end within the calendar year affects a person's PAI. The amount of temporary income included in PAI depends on the amount of time the person expects to receive the income within the calendar year. A person's PAI includes the amount of the temporary income the person received or expects to receive for the entire calendar year.

Example:

Hugh is a single adult applying for help paying health care costs in June. He was laid off from his job in February and started receiving unemployment insurance benefits in March. Hugh's current income is \$500 per week in unemployment insurance benefits, which he expects to continue through the end of August. Hugh's PAI includes the wages he earned from his job in January and February and the full amount of unemployment benefits he expects to receive this year.

Example:

Jamil and Layla are a married couple who expect to file a joint tax return. On their application submitted March 1, 2016, Layla reports that she has one job and earns \$12,500 yearly in wages. Her PAI for 2016 is also \$12,500.

Jamil reports that he receives unemployment benefits of \$275 weekly, but he projects his annual income as \$5,500. Although unemployment benefits usually last 26 weeks ($\$275 \times 26 = \$7,150$), he started receiving unemployment in 2015, and in 2016 he expects to receive unemployment for 20 weeks total. Thus, his attested PAI for 2016 is \$5,500 ($\$275 \times 20 = \$5,500$).

C. PAI and Changes in Circumstance

Once an application filer has submitted an application, any reported change in his or her financial information is considered a change in circumstance. When a person reports a change in current income or adjustments, an agency worker must review PAI with the person to identify any needed updates. Similarly, when a person reports a change in PAI, a worker must review current income and adjustments with the person to identify any needed updates.

Determining PAI is the responsibility of the applicant or enrollee. However, agencies must help a person determine PAI when the person reports a change in circumstance. Agencies also must resolve inconsistent information when the PAI a person provides conflicts with other information or documentation provided by the person or in the case file. For example:

- A person who had income in the current calendar year and reports no longer having any income cannot have a new PAI for the current calendar year of zero. A person's PAI for the calendar year can be zero only if the person had no income in any past month of the year, has no income currently, and expects to have no income for the rest of the calendar year.
- A person with no income who starts employment in the middle of the year can have a PAI for the current calendar year that is a prorated amount based on the number of remaining months in the current year. The prorated amount exists for the balance of the current calendar year. A new PAI, based on the person's financial circumstances at the end of the current calendar year, will likely define PAI for the next calendar year.

Example:

Mary is an unmarried adult tax filer with no tax dependents. She lives with her grandparents and has no income. She applies for health care coverage in February and is determined eligible for MA. In July, Mary reports she started working and is getting paid \$2,750 per month. Mary's worker gathers the new income information and helps Mary determine her updated PAI. Mary and her worker determine that her PAI for the current year is \$16,500 and her PAI for the next year will be \$33,000. Because of this increase in current monthly income, Mary is no longer eligible for MA. Mary is financially eligible for MinnesotaCare for the remainder of the current year, and if she reports no further changes, she will be financially eligible for APTC beginning the next calendar year.

People whose income fluctuates or people who have experienced multiple income changes in a calendar year may have difficulty determining their PAI. The [Worksheet for PAI Calculation When PAI Change Is Reported](#) is a worker tool available in ONESource that workers can use to help people determine their PAI. The worksheet breaks down the PAI calculation into the sum of current income sources and income sources for the rest of the year, and it deducts applicable adjustments.

IV. PAI Verification

The instructions in this section are addressed to financial eligibility workers.

Both MinnesotaCare and APTC require verification of PAI. The verification process starts with comparing the PAI provided by a person to electronic sources.

A. Comparing PAI to Electronic Sources

METS compares the PAI provided by a person to electronic sources to determine whether PAI is considered verified. If the system considers PAI verified with electronic sources, the person is not required to submit paper documentation.

In general, for a person who is potentially eligible for MinnesotaCare, we consider PAI verified with electronic sources when either:

- the household income using the attested PAI is at or below the MinnesotaCare income limit and electronic sources indicate the person's household income is at or below the limit or
- the household income using the attested PAI is at or below the MinnesotaCare income limit and electronic sources indicate the person's household income is above the limit but the amounts are reasonably compatible.

If the household income using the attested PAI is below the MinnesotaCare income limit, electronic sources indicate the person's household income is above the limit, and the amounts are **not** reasonably compatible, the person must provide paper documentation to verify PAI.

If no electronic sources are available, the system is unable to verify PAI, and the person must provide paper documentation to verify PAI.

B. Acceptable Proof of PAI

To resolve PAI verification, a person must provide proof of his or her attested PAI:

- If the person has filed a federal tax return within the last three years, the person must provide a complete copy of his or her most recently filed federal tax return. The person must provide the return even if the person currently does not expect to file a tax return for the next tax year. A complete federal tax return includes all forms and schedules. If the person expects his or her PAI will be different from what the most recently filed tax return shows, the person must explain why and include proof.
- If the person has not filed a federal tax return within the last three years, the person must provide other proof of his or her attested PAI.

1. Person Provides Tax Return or Tax Return and Other Proof

A person's most recently filed federal tax return may include sources of income not reported on an application or renewal form, or sources of income that have ended. If an unreported source of income appears on the federal tax return, the person must explain whether that income source ended or is still received.

If a person provides a copy of his or her most recently filed tax return with no other documentation to support the person's attested PAI, use the tax return to evaluate and verify the person's PAI:

- The tax return shows the AGI at the bottom of the first page. A person's MAGI is the AGI plus any tax-exempt interest, nontaxable Social Security benefits, or foreign earned income that the tax filer recorded elsewhere on the return.
 - The Income section of the 1040 tax form shows the amount of tax-exempt interest.
 - The Income section of the 1040 tax form shows the total amount of Social Security benefits and the taxable amount of Social Security benefits. The total amount minus the taxable amount equals the nontaxable amount of Social Security benefits.
 - IRS Form 2555 shows foreign earned income. This form shows the amount of foreign earned income that a tax filer subtracted from his or her total income.
- If a tax return reflects income for more than one person, such as a married couple who filed a joint tax return, the forms and schedules, such as W-2s and self-employment schedules, can help you determine the income for each person. If the tax return is complete, with all supporting documents and schedules, but does not indicate individual ownership for a source of income, such as interest income, divide this income between the spouses of a married couple who filed a joint tax return. If the tax return is not for a married couple who filed jointly, assign unspecified income to the tax filer.
- If the MAGI from the tax return is less than or equal to the PAI attested by the person, consider the PAI verified according to the federal tax return. Leave the PAI attested amount provided by the person as the PAI.
- If the MAGI from the tax return is more than the PAI provided by the person, the MAGI from the tax return is the person's new attested PAI amount.

If the person provides a copy of his or her most recently filed tax return **and** other proof to support the attested PAI, use both the tax return and the other proof to verify the attested PAI and update the PAI if necessary.

- If all the income shown on the tax return has ended or changed, and the other proof accounts for all the income that makes up the person's MAGI for the calendar year, update the PAI using the other proof submitted. If the MAGI from the proof is different from the existing PAI amount, the MAGI from the proof is the person's new attested PAI.
- If the other proof accounts for only part of the MAGI that makes up the person's PAI, use the tax return and the other proof together to verify the attested PAI and update it if necessary. Add together the sources of MAGI from the tax return and the

sources of MAGI from the other proof to find the PAI. If the MAGI for the calendar year, calculated from the tax return and other proof, is different from the existing PAI amount, the MAGI calculated from the tax return and other proof is the person's new attested PAI.

The following is a list of acceptable documentation to verify PAI. People can provide items on this list in combination with their last filed federal tax return, if they have filed a tax return in the last three years. People who have not filed a federal tax return in the last three years can provide these items in lieu of a tax return.

- paystubs or earnings statement
- Form W-2 or other statement from an employer
- copy of check
- business financial records
- bank statement
- interest or dividend statement
- award letter
- proof of alimony
- receipt or statement of rent the person receives
- proof of asset sale (capital gain or loss)
- proof or record of other taxable income
- proof of one-time income

2. Person Does Not Have Tax Return or Other Proof

If a person has no documentation to confirm the attested PAI, you can accept a signed affidavit from the person as proof. Providing the affidavit does not eliminate the requirement for the person to provide a copy of his or her most recently filed federal tax return if the person filed a federal tax return in the last three years.

- For MinnesotaCare, a signed [Yearly Income Statement \(DHS-7117\)](#) is acceptable to verify PAI for a person who is unable to provide other proof. The Yearly Income Statement is acceptable on its own or in combination with other paper documentation if the person is able to provide only partial proof of PAI. The Yearly Income Statement must show the total PAI, even if paper documentation exists for some of the PAI. Accept the Yearly Income Statement as proof of PAI only if a person has no other proof for some or all of the PAI. Use the PAI listed on the statement as the attested PAI, and consider it verified.
- For APTC, a signed Proof of Projected Annual Income Statement (QHP Form 4700A) (Attachment A) is acceptable to verify the total PAI for a person who has no other proof of PAI. A person must submit the signed statement when providing a reasonable written explanation for the attested PAI.

V. Legal References

Code of Federal Regulations, title 42, chapter IV, subchapter C, part 435, subpart G, section 603

Code of Federal Regulations, title 42, chapter IV, subchapter I, part 600, subpart G, section 305

Code of Federal Regulations, title 42, chapter IV, subchapter I, part 600, subpart G, section 340

Code of Federal Regulations, title 45, subtitle A, subchapter B, part 155, subpart D, section 315

Code of Federal Regulations, title 45, subtitle A, subchapter B, part 155, subpart D, section 320

Code of Federal Regulations, title 45, subtitle A, subchapter B, part 155, subpart D, section 330

Code of Federal Regulations, title 45, subtitle A, subchapter B, part 155, subpart D, section 335

Minnesota Statutes, section 256B.056, subdivision 1a(b)(1)

Minnesota Statutes, section 256L.01, subdivision 5

Minnesota Statutes, section 256L.05, subdivision 2

VI. Attachment

Attachment A: Proof of Projected Annual Income Statement (QHP Form 4700A)

VII. Americans with Disabilities Act (ADA) Advisory



For accessible formats of this publication or assistance with additional equal access to human services, write to DHS.info@state.mn.us, call 800-657-3739, or use your preferred relay service. (ADA1 [9-15])

Proof of Projected Annual Income Statement by Applicant/Enrollee



Questions? Call 1-855-366-7873 (1-855-3MNSURE)

FAX this completed form to 651-431-7770, or mail it to:

MNSure Operations

PO Box 64253

St. Paul, MN 55164-0253

For Office Use Only

Date:

Name:

Mailing

Address:

Reference Number:

MNSure ID Number:

Phone Number:

Applicant/Enrollee Information

Your Full Name (First, Middle, Last)

The projected annual income that you expect for the year you are seeking health care coverage is:

Explain why you expect your annual income for this coverage year to be different than the previous tax year. Reasons include, but are not limited to: a leave of absence, anticipated expenses, business financial records and changes in income or employment.

To report a change for your **projected annual income**, include your year-to-date income, your expected income for the remainder of the tax year, your annual deductions and the dates for your year-to-date income and expected income. Here is an example for a projected annual income change reported on June 20: my income earned from January to June was \$1,500 per month, I will earn \$1,000 per month from July to December and I will have \$2,000 in student loan interest deductions for the tax year.

Attestation and Signature

I declare, under penalty of perjury (not telling the truth), this statement is true and correct. I understand what happens to people convicted of perjury. They may be sentenced to prison for up to five years, a fine up to \$10,000 or both.

I understand if I submit information that is not truthful, my qualified health plan coverage may be terminated and I may have to repay any payments that I am not entitled to, including any advance payment of premium tax credits.

Signature:

Date:

For Office Use Only

Date:

Reference Number:

1-855-366-7873

Attention. If you need free help interpreting this document, call the above number.

ملاحظة: إذا أردت مساعدة مجانية لترجمة هذه الوثيقة، اتصل على الرقم أعلاه.

កំណត់សំគាល់ ។ បើអ្នកត្រូវការជំនួយក្នុងការបកប្រែឯកសារនេះដោយឥតគិតថ្លៃ សូមហៅទូរស័ព្ទតាមលេខខាងលើ ។

Pažnja. Ako vam treba besplatna pomoć za tumačenje ovog dokumenta, nazovite gore naveden broj.

Thov ua twb zoo nyeem. Yog hais tias koj xav tau kev pab txhais lus rau tsab ntaub ntawv no pub dawb, ces hu rau tus najnpawb xov tooj saum toj no.

ໄປຮອດຊາບ. ຖ້າທາກ ທ່ານຕ້ອງການການຊ່ວຍເຫຼືອໃນການແປເອກະສານນີ້ຟຣີ, ຈົ່ງໂທໄປທີ່ໝາຍເລກຂ້າງເທິງນີ້.

Hubachiisa. Dokumentiin kun bilisa akka siif hiikamu gargaarsa hoo feete, lakkoobsa gubbatti kenname bibili.

Внимание: если вам нужна бесплатная помощь в устном переводе данного документа, позвоните по указанному выше телефону.

Digniin. Haddii aad u baahantahay caawimaad lacag-la'aan ah ee tarjumaadda qoraalkan, lambarka kore wac.

Atención. Si desea recibir asistencia gratuita para interpretar este documento, llame al número indicado arriba.

Chú ý. Nếu quý vị cần được giúp đỡ dịch tài liệu này miễn phí, xin gọi số bên trên.

LB3-0017 (3-13)

ADA Advisory

MNSure's Accessibility & Equal Opportunity (AEO) office can provide information in accessible formats for individuals with disabilities. Additionally, the AEO office can provide information on disability rights and protections to access MNSure programs. The AEO office can be reached at 1-855-3MNSURE (1-855-366-7873) or AEO@MNSure.org.