

Modified Adjusted Gross Income (MAGI) income guide for Washington Apple Health (Medicaid)

Children age 18 or younger and tax dependents

Purpose of This Guide

This guide is designed to assist you in determining whether to include the income of child age 18 or younger or a tax dependent, how to enter their income, and to provide a better understanding of the possible eligibility outcome.

Overview Washington Apple Health is the state's Medicaid program, administered by the Health Care Authority (HCA). Applications for coverage for individuals aged 0 to 65 are submitted through Washington Healthplanfinder which is managed by the Washington State Health Benefit Exchange (The Exchange).

MAGI Calculation

Modified Adjusted Gross Income (MAGI) is the income methodology used to determine eligibility for Apple Health for adults, Apple Health for kids, Apple Health for pregnant individuals, Apple Health for parent/caretakers, and other Apple Health programs. This calculation starts with an individual's Adjusted Gross Income (AGI), as defined by the Internal Revenue Code (IRC), with certain modifications. One modification is how income for children 18 years or younger and tax dependents is counted.

Medical Assistance Unit (MAU) eligibility

Each individual applying for Apple Health will have their eligibility determined based on the total countable income for their Medical Assistance Unit (MAU). An individual's MAU is determined by age, relationship to the head of household (HOH) or primary applicant, and tax filing status.

Tax filing categories

All Apple Health applicants fall into one of three tax filing categories: a tax filer, a tax dependent, or a non-filer. The table below defines each category, who is included, and any exceptions to who is included.

Tax filing category	Definition	Who is included in the MAU?	Are there exceptions?
Tax Filer	An individual who expects to file an income tax return and is not expected to be claimed as a tax dependent by someone else.	<ul style="list-style-type: none"> • The tax filer, t • Their spouse, and • All individuals they expect to claim as a tax dependent (even if they don't live with the tax filer). 	<ul style="list-style-type: none"> • The tax filer's spouse is not included in the MAU if they do not live with the tax filer. Spouses that live together are in each other's MAU, regardless of tax filing status.
Tax Dependent	An individual who expects to be claimed by a tax filer.	<ul style="list-style-type: none"> • The tax filer, • Tax filer's spouse, • Tax dependent, • Tax dependent's spouse, and • All tax dependents claimed by the tax filer. 	<ul style="list-style-type: none"> • The spouse of the tax filer and/or tax dependent is not included in the MAU if they do not live with the tax filer. • A tax dependent is treated as a non-filer if they are: <ul style="list-style-type: none"> ○ Not the spouse or child of the tax filer, ○ A child under 19 who resides with both parents and those parents do not file a joint tax return, or if the tax dependent expects to be claimed by a noncustodial parent.
Non-Filer	An individual who does not expect to file taxes and will not be claimed as a tax dependent, or an individual who meets one of the tax dependent exceptions.	<ul style="list-style-type: none"> • Non-filer, • Non-filer's spouse, and • Non-filer's natural, adopted, and/or step-children under the age of 19 and who live with the non-filer. 	<ul style="list-style-type: none"> • If the non-filer is under age 19, then the MAU includes: <ul style="list-style-type: none"> ○ The non-filer's natural, adopted, and step-parents, and ○ Any natural, adopted, and step-siblings who are also under the age of 19.

Important: You will be asked to identify each individual's tax filing status when they are added to the application as a member of the household. Select the status with a drop-down menu option that looks like the image below. You will be asked about the tax filing status for the current year as well as the following year. Do not worry if you do not know an individual's tax filing status for future years. This change can be reported later, if the tax filing status changes.

Primary Applicant's Taxes

Washington healthplanfinder

Browse Apply Select Finalize Sign Out DASHBOARD

Set your tax status

*Required Field

We need to collect some tax information about you and your household from last year to verify your income and provide you accurate information about health insurance available to you.

What was your tax filing status for tax year 2017? *

Tax filing status definitions

Married filing taxes jointly

Who was the primary tax payer in 2017? *

YOU SPOUSE

Is this person planning to have the same tax filing status as that of 2017 for tax year 2018? *

YES NO

Is this person planning to have the same tax filing status as that of 2017 for tax year 2019? *

YES NO

Back Next

What was your tax filing status for tax year 2017? *

Tax filing status definitions

Married filing taxes jointly

Select an Option

Single filing taxes

Head of household

Qualified widow(er) with dependent child

Married filing taxes separately

Married filing taxes jointly

Tax dependent of someone on the application

Tax dependent of someone not on the application

Person has neither filed taxes nor was tax dependent

Income from children 18 years of age or younger and tax dependents

For federal tax purposes, the Internal Revenue Service (IRS) only requires individuals to report income of tax dependents on their taxes if it meets or exceeds yearly threshold amounts.

The threshold amount depends on whether the income is earned or unearned income. The tax filing threshold requirements for earned income is much higher than unearned income. Tax filing thresholds are subject to change each tax year.

View the [IRS Dependents, Standard Deduction, and Filing Information publication](#) or consult a tax professional for the most up to date tax filing thresholds.

How does this affect Apple Health eligibility?

Income of children 18 years of age and younger and tax dependents is only counted towards Apple Health eligibility when it exceeds the tax filing threshold requirements as shown in the chart below. This rule applies regardless of whether the individual files a tax return or not.

If the income does meet or exceed the threshold, it is only counted in the MAU that includes the child or tax dependent.

Tax filing threshold limits

Tax filing category	Definition
Unearned income	\$1,250
Earned income	\$13,850
Both earned and unearned income	The gross earned and unearned income is more than the larger of (1) \$1,250 or (2) your earned income (up to \$13,450) plus \$400

Social Security Income

Social Security income for children 18 years of age or younger and tax dependents is an exception and is not counted for Apple Health eligibility. If Social Security Income is input for a tax dependent, the system will correctly disregard it for eligibility purposes.

Applying for coverage through Washington Healthplanfinder

When applying for coverage, clients should only report the income of children 18 years of age or younger and tax dependents if it meets or exceeds the tax filing threshold (excluding Social Security benefits).

As an extra precaution, when entering the income of children 18 years of age or younger and tax dependents in Washington Healthplanfinder the application will ask “if this person will be required to file a federal tax return”. If the individual will be required to file, then you will select “yes” and input the income information. If the individual will not be required to file, you can select “no”. This will still prompt for the income information, but the application system will not count the income towards any individual’s eligibility.

Example scenarios

The best way to understand these concepts is to take a look at some examples. The first example will show the income screenshots as seen in Healthplanfinder to understand how to input the income information for multiple household members with income to report.

Medical Assistance Unit (MAU) examples

Example number	Description of example
Example 1	Tax dependent income that has exceeded the threshold
Example 2	Non-filer household
Example 3	Child claimed by grandparent
Example 4	Unmarried adults living together with a common child

Note: These examples only consider income. We are assuming that all other eligibility factors have been met including citizenship/immigration status, residency, etc.

Example 1: Tax dependent income

In December, Helen is applying for coverage for herself and her family. Helen applies as head of household and is not employed. Bob, Helen’s spouse, has lost his job and is receiving \$400 per week (\$1720 per month) in unemployment benefits. Violet and Dash, Helen and Bob’s 18-year-old dependents, are both working. Violet is working a seasonal job during the holidays to help make ends meet. This is her first job this year and she is expecting to make roughly \$600 over the course of the holidays. Meanwhile, Dash has an income of \$5,000 earned over the year (\$417 per month) from his job at the grocery store. Dash also invests his income and has an annual unearned income of \$1,300 from investments (\$108 per month).

Washington Healthplanfinder application

On the ‘Add your household income’ screen Helen will select “Yes” to each type of income earned by the household and select which member(s) earn that income type. Helen is unsure if she should include Violet or Dash’s income, so she selects “Yes” for “income from a job” and checks Violet and Dash’s name. To enter Bob’s unemployment and Dash’s investment income, Helen selects “Yes” to “Other income” and checks their names.

Add your household income *Required Field

Select the income your household receives and choose which household member receives it. [Learn more about reporting income.](#)

Confirm if any of the members on your application have the income types listed and choose the household member who receives it.

Income from a job Yes No

Helen Incredible
 Bob Incredible
 Violet Incredible
 Dash Incredible

Self-Employment Yes [No]

Social Security Yes No

Rental income Yes No

Other income Yes No

Helen Incredible
 Bob Incredible
 Violet Incredible
 Dash Incredible

Back Finish Later Next

The application will prompt Helen to enter Bob’s income first. For “Other income” Helen will select “unemployment benefits” from the drop-down menu, enter the date unemployment started, confirm Bob is still receiving unemployment benefits, and enter the gross amount and pay frequency.

BOB INCREDIBLE

OTHER INCOME

\$ - Close Remove

Income Type *

Select an option

- Select an option
- Alimony or spousal support
- Annuity or pension income
- Capital gains
- Dividend, stock, or shares income
- Farming income
- Foreign income
- IRA
- Income from a trust
- Interest income
- Other taxable income
- Railroad retirement benefits
- Royalty income
- Taxable tribal income
- Unemployment benefits

Income Type *

Unemployment benefits

[Try an alternative unemployment income](#)

When did you start this unemployment period? Enter the week ending date. *

[How to find this date](#)

E.g. 05/16/2020

Are you still getting unemployment benefits? *

Yes No

Weekly unemployment benefit amount *

[How to find this amount](#)

\$ 0.00

Frequency *

Select an option

- Select an option
- Weekly
- Every other week

Next, the application will prompt Helen to enter Violet’s income. Since the income of a child or tax dependent is excluded if it does not meet the tax filing threshold, the application asks whether Violet will be required to file a tax return. Since Violet is expected to earn only \$600, which is below the current threshold, she will not be required to file a tax return. Helen will select “No” to this question. The application still allows for Helen to enter Violet’s income, but the system will not count the income towards anyone’s eligibility determination.

Income from a job *

Yes No

Helen Incredible

Bob Incredible

Violet Incredible

Dash Incredible

VIOLET INCREDIBLE

Will this person be required to file a federal tax return? *

Yes [No]

Helen will now be prompted to enter Dash’s income. Since Dash has unearned income that exceeds the threshold, he will be required to file a federal tax return. This means that his income is counted and will need to be entered into the application. Helen will select “Yes” indicating that Dash will be required to file a tax return, and she will be prompted to enter Dash’s income from a job.

Income from a job

Yes No

Helen Incredible
 Bob Incredible
 Violet Incredible
 Dash Incredible

DASH INCREDIBLE

Will this person be required to file a federal tax return? *

Yes No

INCOME FROM A JOB

\$ -

Enter any income received from a job. Use the income calculator or enter the gross amount before taxes and other deductions.

Amount * \$ 0.00

Frequency * Select an option

Income Calculator

COMPANY INFORMATION

Employer Name *

Employer Address Line 1 * E.g. 1234 Main Street

City * State * Select an option

Zip * E.g. 98501

Did your employer offer you health insurance coverage? *

Yes No

Helen will also need to enter Dash’s investment income. Helen will select the type of “other income” Dash receives and then enter the dollar amount and payment frequency.

Other income

Yes No

Helen Incredible
 Bob Incredible
 Violet Incredible
 Dash Incredible

DASH INCREDIBLE

Will this person be required to file a federal tax return? *

Yes No

OTHER INCOME

\$ -

Income Type *

Select an option

- Select an option
- Alimony or spousal support
- Annuity or pension income
- Capital gains
- Dividend, stock, or shares income**
- Farming income
- Foreign income
- IRA
- Income from a trust
- Interest income
- Other taxable income
- Railroad retirement benefits
- Royalty income
- Taxable tribal income
- Unemployment benefits

Close Remove

Close

Add Income

After entering the income, Helen completes and submits the application for an eligibility determination. Behind the scenes, Washington Healthplanfinder calculates the total countable income for each individual’s medical assistance unit and determines which members are eligible for Apple Health coverage.

Example 1: Eligibility determination

Eligibility determinations for each member of the application are based on each individual's MAU and total countable income. See [WAC 182-506-0010](#) and [182-506-0012](#). In this example, since Dash's unearned income exceeded the threshold, Dash will need to file a federal tax return on all earnings. Since Helen and Bob are married, living together, and will be filing taxes they are both considered tax filers. Violet and Dash are Helen and Bob's children and tax dependents and are counted in each other's MAU.

Example 1: Medical Assistance Unit

This table is to help understand the tax filing status, MAU size, and total MAU income for each individual applying for coverage.

Individual (and their monthly countable income)	Monthly countable income	Tax filing status	Individuals included (MAU)	Total MAU income
Helen	\$0.00	Tax filer (Married filing jointly w/ Bob)	Helen, Bob, Violet, and Dash (4)	\$2,245 per month (Bob + Dash's income)
Bob	\$1,720	Tax filer (Married Filing Jointly)	Helen, Bob, Violet, and Dash (4)	\$2,245 per month (Bob + Dash's income)
Violet	\$0.00	Tax dependent	Helen, Bob, Violet, and Dash (4)	\$2,245 per month (Bob + Dash's income)
Dash	\$525	Tax dependent	Helen, Bob, Violet, and Dash (4)	\$2,245 per month (Bob + Dash's income)

Example 2: Non-filer household

Rita and her son Seth, who is 16 years old, are currently living with family. Rita is unemployed and Seth is working part time at Starbucks, making \$150 per month while he goes to school. Both Rita and Seth are non-filers for the current tax year.

Rita anticipates that Seth will not make enough from Starbucks this taxable year to meet the tax filing threshold as he will only be working part time while he attends school.

Washington Healthplanfinder application

In Washington Healthplanfinder, Rita states that no one in her household is currently employed, as she is not currently making any income for herself, and Seth will not exceed the threshold to file taxes.

Example 2: Eligibility determination

Eligibility determinations for each member of the application are based on each individual's MAU and total countable income. See [WAC 182-506-0010](#) and [182-506-0012](#).

Example 2: Medical Assistance Unit

This table is to help understand the tax filing status, MAU size, and total MAU income for each individual applying for coverage.

Individual	Monthly countable income	Tax Filing Status	Individuals included (MAU)	Total MAU income
Rita	\$0.00	Non-filer	Rita and Seth (2)	\$0.00
Seth	\$0.00	Non-filer	Rita and Seth (2)	\$0.00

Example 3: Child claimed by grandparent

Juan and Maria are married filing jointly. They have guardianship of their two grandchildren and claim them as tax dependents. Their grandchildren, 10-year-old Amber, and 8-year-old Cody each receive \$800 per month in survivor's benefits. Juan and Maria both receive a monthly social security retirement income of \$1,700.

Washington Healthplanfinder application

Since the only type of income received is Social Security income, Juan will select "Yes" for Social Security and "No" for all other types. Since Amber and Cody are not required to file a tax return on their survivor's benefits, Juan will not include this income in the application.

Example 3: Eligibility determination

Eligibility determinations for each member of the application are based on each individual's MAU and total countable income. See WAC [182-506-0010](#) and [182-506-0012](#). This is an example where the relationship of the tax dependent to the tax filer can affect the MAU size. Although Amber and Cody are tax dependents of Juan and Maria, they are not the child of the tax filers and are considered a tax dependent exception and treated as a non-filer.

Example 3: Medical Assistance Unit

This table is to help understand the tax filing status, MAU size, and total MAU income for each individual applying for coverage.

Individual	Monthly countable income	Tax filing status	Individuals included (MAU)	Total MAU income
Juan	\$1,700	Tax filer (married filing jointly)	Juan, Maria, Amber, and Cody (4)	\$3,400 (Juan + Maria's income)
Maria	\$1,700	Tax filer (married filing jointly)	Juan, Maria, Amber, and Cody (4)	\$3,400 (Juan + Maria's income)
Amber	\$0.00	Tax dependent	Amber and Cody (2)	\$0.00
Cody	\$0.00	Tax dependent	Amber and Cody (2)	\$0.00

Example 4: Unmarried adults with a common child

Vanessa lives with her boyfriend James, their daughter Cheryl age 2, and James' son Jason age 7. James earns \$1300 per month income from employment. James does not expect to file taxes or to be claimed as a tax dependent. Vanessa earns \$4000 per month income from employment. Vanessa is a tax filer and plans to claim Cheryl and Jason as her dependents. Vanessa applies for herself and everyone in the home.

Washington Healthplanfinder application

For the question about tax filing status, Vanessa will enter herself as “head of household”, James will be listed as a “person has neither filed taxes nor was a tax dependent”, and Cheryl and James will both be listed as “tax dependent of someone on the application”. Vanessa will also enter both her and James' income into the application.

Example 4: Eligibility determination

Eligibility determinations for each member of the application are based on each individual's MAU and total countable income. See WAC [182-506-0010](#) and [182-506-0012](#). This is an example where tax filing status and the relationship of each individual can affect the MAU size. Although Vanessa claims the two children as tax dependents, they are both treated as non-filers but for different reasons. Since Cheryl is under age 19 and resides with both parents who do not file a joint tax return, she meets the tax dependent exception and is treated as a non-filer. Jason is treated as a non-filer since he is not the child of the tax filer. It should also be noted that for the outcome in this example, since there is no relationship between Vanessa and James (e.g. they are not married), James will need to apply for coverage on his own application. This is just a scenario to outline how the tax filing status and relationship determine the MAU size for each individual.

Example 4: Medical Assistance Unit

This table is to help understand the tax filing status, MAU size, and total MAU income for each individual applying for coverage.

Individual	Monthly countable income	Tax filing status	Individuals included (MAU)	Total MAU income
Vanessa	\$4,000	Tax filer (head of household)	Vanessa, Cheryl, and Jason (3)	\$4,000 (only Vanessa's income)
James	\$1,300	Non-filer (neither filed taxes nor was a tax dependent)	James, Cheryl, and Jason (3)	\$1,300 (only James' income)
Cheryl	\$0.00	Tax dependent of someone on the application (Vanessa)	Cheryl, Vanessa, James, and Jason (4)	\$5,300 (Vanessa + James' income)
Jason	\$0.00	Tax dependent of someone on the application (Vanessa)	Jason, James, and Cheryl (3)	\$1,300 (only James' income)

Resources

Helpful resources that share more information:

- [What income should clients report | Washington Healthplanfinder](#)
- [Income Overview 3: exclusions and allocations](#)

Apple Health MAGI Income guide for children and dependents
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