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Determining Income: Monthly vs. Yearly Calculations

In determining eligibility for health insurance coverage, including Advanced Premium Tax Credits (APTCs) and Cost Sharing Reductions (CSRs), the marketplaces ask for a consumer's estimated yearly income. Medicaid, however, generally uses a "point-in-time" or current monthly income to determine eligibility. Sometimes, these different ways of evaluating income leave consumers seemingly ineligible for both APTC/CSR and Medicaid coverage. Additionally, certain lawfully present immigrants whose incomes are below 100% of the federal poverty line (FPL) may not be able to obtain APTC/CSRs even though permitted under federal law.

This fact sheet explains why consumers are sometimes determined ineligible for both Medicaid and APTC/CSR, and how assisters can help these consumers get coverage.

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WHO MAY BE AFFECTED?

The differences in evaluating income often affects consumers who experience fluctuations in income during the year. The following examples illustrate when this might happen:

- Seasonal workers who experience income increases during certain months of the year (e.g., ski instructors during ski season, agricultural workers during harvest season) may have income that is too high for Medicaid during those "in-season" months, even though their total yearly income is within Medicaid levels.
- Teachers and others who work in school systems where income is paid for 9 or 10 months, but not through the summer, may have yearly incomes that fall within Medicaid levels.
- Consumers who were unemployed or underemployed for part of the year or who change jobs mid-year may have income that is too high for Medicaid during some months, even though their yearly income is still within Medicaid levels.
- Consumers who receive SSI income for only part of the year.

ARE THESE INDIVIDUALS ELIGIBLE FOR COVERAGE?

Yes! But how to ensure coverage depends on the individual consumer's situation and how their state Medicaid agency calculates income. Here are the possibilities:

1. **Medicaid Option to Use Reasonable Methods:** State Medicaid agencies have an option to use "reasonable methods" to account for predictable fluctuations in income (42 C.F.R. 435.603(h)(3)). If a state uses this method of calculating income (ask the state Medicaid agency or check your state's "Medicaid State Plan"), then the state would likely already consider yearly income (either in addition to or instead of monthly income).
2. **Medicaid Requirement to Use Yearly Income:** A consumer may have monthly income that is too high for Medicaid, but their yearly income is below 100% FPL - too low for APTC. Federal MAGI regulations address this situation to ensure an individual is not left without coverage. When an individual is determined financially ineligible for both Medicaid and APTCs, but their yearly income is within Medicaid levels, the state must use the marketplace MAGI methodology, using estimated yearly income, to determine eligibility for Medicaid. 42 C.F.R. 435.603(i). This is referred to as the [MAGI "gap-filling" provision](#).

If consumers fall into a coverage gap due to the yearly versus monthly income calculations, they should ensure their state Medicaid agency uses the marketplace's yearly income calculation, as required by the federal MAGI ["gap-filling" regulation](#) at 42 C.F.R. 435.603(i). If the Medicaid agency denies the consumer's application, the consumer should consider filing an appeal directly with the Medicaid agency.

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3. **APTC Eligibility:** If the consumer is above 100% FPL and ineligible for Medicaid due to monthly income (and assuming the state does not use option 1 above), then the consumer **should** be eligible for APTCs since they are available for consumers 100-400% FPL (and lawfully present immigrants 0-400% FPL). Once a consumer receives a Medicaid denial, the consumer can check the "Medicaid block" box on the marketplace application to indicate Medicaid ineligibility. If the system still does not provide APTCs, the consumer should consider filing an appeal with the marketplace.
4. **Special Rules for Lawfully Present Immigrants:** Lawfully present immigrants under 100% FPL who are ineligible for Medicaid due to immigration status (e.g., because they are "not qualified" or due to the five-year bar), may still be eligible for APTCs in the marketplace. This only applies to individuals who are otherwise eligible for Medicaid but for their immigration status. Consumers should consider filing appeals if the marketplace finds them ineligible for APTCs. Consumers who have received a Medicaid denial should check the "Medicaid block" boxes on the marketplace application.

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ADDITIONAL HELP

Ensuring coverage for these consumers can be complicated and depends on the consumer's exact situations and income levels. Further, some consumers may be eligible for Medicaid under categories the marketplace application does not fully screen for (such as eligibility due to a disability or for limited scope Medicaid services such as family planning services). The goal of the Affordable Care Act is to ensure coverage for all who are eligible and not result in a lack of coverage merely because of differences in how to count income. Consumers who need more help navigating Medicaid eligibility should contact a local legal aid organization for assistance. A list of these organizations is available [here](#).

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