

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Centers for Medicare & Medicaid Services
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CMCS Informational Bulletin

DATE: December 28, 2012

FROM: Cindy Mann, Director
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SUBJECT: **Modified Adjusted Gross Income (MAGI) Conversion Guidance**

The Centers for Medicare & Medicaid Services (CMS) is pleased to announce the availability of new guidance today to help states as they begin to plan converting current net income eligibility thresholds to equivalent modified adjusted gross income (MAGI) thresholds in the Medicaid program and Children's Health Insurance Program (CHIP). The guidance outlines the conversion methodology and process, and the timeframes for executing the conversions.

Currently state methodologies for determining Medicaid and CHIP income eligibility generally encompass the use of income disregards, and those methods vary widely across states and eligibility groups. Effective January 1, 2014, a methodology for determining income based on MAGI will apply to both Medicaid and CHIP eligibility for most enrollees, including pregnant women, children, parents and other caretaker relatives, and the new adult group (as applicable in a state). This new methodology is aligned with the one that will be used to determine eligibility for the premium tax credits and cost sharing reductions available to certain individuals purchasing coverage on the Exchange.

To complete the transition to the MAGI-based methodology, states will develop MAGI-based income eligibility standards for the applicable eligibility groups that are not less than the effective income levels that were used to determine Medicaid and CHIP income eligibility as of the enactment of the Affordable Care Act.

The State Health Official letter may be accessed at <http://www.medicaid.gov/Federal-Policy-Guidance/Federal-Policy-Guidance.html>