The Internal Revenue Service (IRS) establishes requirements for dependents as a “qualifying child.” The Medicaid program features various definitions of “child,” including a “dependent child” used to determine eligibility for parents and caretaker relatives. However, a Medicaid “dependent child” is not the same as an IRS “qualifying child” claimed as a dependent.

The following overview describes and compares the various definitions of “child” to help clarify which applies in a given situation.

**WHAT IS THE IRS DEFINITION OF A “QUALIFYING CHILD”?**

Under IRS rules, the term “qualifying child” describes one of two ways an individual can be claimed as a dependent by a tax filer (a “qualifying relative” can also be claimed as a dependent). To be a “qualifying child,” an individual must meet all of the following IRS requirements:

- The child must be the tax filer’s son, daughter, stepchild, foster child, brother, sister, half-brother, half-sister, stepbrother, stepsister, or a descendant of any of them;
- The child must be:
  - under age 19 at the end of the year and younger than the filer (or the filer’s spouse if filing jointly)
  - under age 24 at the end of the year, a student, and younger than the filer (or the filer’s spouse if filing jointly) or
  - any age if the child is “permanently and totally disabled”;
- The child must have lived with the filer for more than half of the year;
- The child must not have provided more than half of his or her own support for the year;
- The child is not filing a joint return for the year (unless that joint return is filed only to claim a refund of withheld income tax or estimated tax paid); and
- The child must be a U.S. citizen, U.S. resident immigrant, U.S. national, or a resident of Canada or Mexico (except for certain adopted children).

Thus, a “qualifying child” does not necessarily have to be the child of the tax filer. A grandchild, brother or sister, and even a niece or nephew of the tax filer can be a “qualifying child” if certain conditions are met. Also, a “qualifying child” does not have to be a minor. A fifty-year-old person can be a “qualifying child” if “permanently and totally disabled.”

Use the IRS definition of “qualifying child” to determine if a tax filer can claim this type of tax dependent.
Marketplace & Medicaid Eligibility: What Definition of Child Applies?

WHAT DEFINITIONS OF “CHILD” DOES MEDICAID USE?

1. Medicaid MAGI definitions of “child” and “parent”

The Affordable Care Act (ACA) established a new methodology - Modified Adjusted Gross Income, or MAGI – to determine household composition and income for many Medicaid eligibility categories. Regulations implementing MAGI in Medicaid provide definitions for “child” and “parent.” In Medicaid MAGI, “child” means a natural or biological, adopted, or stepchild. Similarly, a “parent” is a natural or biological, adopted, or stepparent. These definitions apply to the financial eligibility determinations under MAGI. They do not supplant or supersede other Medicaid rules describing children, parents, or caretaker relatives. (See Section 3 below for a discussion of “dependent child”). These definitions only apply to determining financial eligibility for Medicaid under MAGI.

Use the Medicaid MAGI definition of child when applying MAGI methodologies to calculate household composition and income when determining financial eligibility under applicable Medicaid categories.

2. Age restrictions for Medicaid MAGI

In some circumstances, the MAGI regulations apply an age restriction on children when calculating the household composition. Under these rules, determining whether a child is part of a household can depend on the child’s age.

If a child under age 19 (or 21 at state option for full-time students) is claimed as a tax dependent by only one parent or a non-custodial parent, then separate Medicaid household composition rules for non-filers and non-dependents apply when determining that child’s Medicaid MAGI household. These examples illustrate how these separate Medicaid household composition rules work:

**Example #1:** Stella and Stanley are not married, but live together. Stella claims their 18-year-old daughter Blanche, a full-time student, as a “qualifying child” tax dependent. Her state Medicaid program does not extend its age limit to 21 for full time students.

Since Blanche is under age 19, her Medicaid MAGI household is determined using the separate Medicaid rules for non-filers/non-dependents. Blanche’s Medicaid MAGI house is 3: Blanche and the parents she lives with (Stella and Stanley).

**Example #2:** Stella and Stanley are not married, but live together. Stella claims their 19-year-old daughter Blanche, a full-time student, as a “qualifying child” tax dependent. Blanche’s state Medicaid program does not extend its age limit to 21 for full time students.

Since Blanche is over age 19, her Medicaid MAGI household is 2: Stella (the tax filer) plus Blanche (Stella’s dependent).

Individuals who do not file federal income taxes nor are claimed as dependents must also apply separate rules to determine their Medicaid MAGI household composition and must consider age restrictions to determine whether to count children as members of a Medicaid household. These examples show how the rules work in this context:

**Example #3:** Stella is neither required to file federal income taxes, nor is she claimed as a dependent by anyone. She lives with her daughter Blanche, age 18.

Stella’s Medicaid MAGI household is 2 – Stella and the child she lives with who is under age 19.

**Example #4:** Stella is not required to file federal income taxes, nor is she claimed as a dependent by anyone. She lives with her daughter Blanche, age 19.

Stella’s Medicaid MAGI household is 1 – Stella. The child she lives with (Blanche) is no longer under age 19, and is therefore not a member of Stella’s Medicaid MAGI household under the rules for non-filers/non-dependents.

NOTE: Under Medicaid MAGI, the separate rules apply for determining the household composition of non-filers/non-dependents also apply to tax dependents who are “neither the spouse nor the child of the tax filer” (e.g., an aunt who is claimed as a dependent of the tax filer). No age requirements or limits exist when deciding whether this exception applies.

3. Medicaid definition of “dependent child” of caretaker relatives

Medicaid regulations implementing eligibility categories for parents and caretaker relatives use the term “dependent child,” which is separate and distinct from the MAGI definition of “child” and the IRS definition of “qualifying child.”

The Medicaid use of “dependent child” derives from the federal welfare program Aid To Families With Dependent Children (AFDC). Although the AFDC program ended in 1996 (replaced by Temporary Assistance for Needy Families, or TANF), parents, grandparents or other caretaker relatives may still be eligible for Medicaid if they have “dependent children” and meet the state’s income requirements.

In determining Medicaid eligibility for parents and caretaker relatives, a child is considered a “dependent child” if she:

- is under the age of 18, or, at state option, is age 18 and a full-time student in secondary school (or
equivalent vocational or technical training), if before attaining age 19 the child may reasonably be expected to complete school or training; and

- is deprived of parental support by reason of the death, absence from the home, physical or mental incapacity, or unemployment of at least one parent (unless the state has elected in its state plan to eliminate such deprivation requirement). A parent is considered to be unemployed if he or she is working less than 100 hours per month, or a higher number of hours as the state may elect in its state plan.

If someone meets the requirements for a parent or caretaker relative of a “dependent child,” the state Medicaid program will then see if that person meets the financial requirements for eligibility. MAGI rules apply when determining financial eligibility.

NOTE: The ACA requires all states to provide Medicaid to all low-income children under age 19 who meet the income thresholds. Therefore, the definition of “dependent child” is no longer needed to determine a child's Medicaid eligibility. However, for adults, having a “dependent child” can provide Medicaid eligibility under the category for parents and caretaker relatives. Determining whether someone qualifies for Medicaid as a parent or caretaker relative of a dependent child is particularly important for adults who live in states that have not expanded Medicaid.

Use the Medicaid definition of “dependent child” to see if an adult qualifies for Medicaid under the eligibility category for parents or caretaker relatives of dependent children.

MORE INFORMATION AND RESOURCES:

Advocate's Guide to MAGI, National Health Law Program
Publication 501 (2013): Exemptions, Standard Deduction, and Filing Information, Internal Revenue Service
Title 42 § 435.4 Definitions and Use of Terms, Code of Federal Regulations
Title 42 § 435.603 Application of Modified Adjusted Gross Income (MAGI), Code of Federal Regulations