



Health Reform: **Beyond the Basics**

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# Diving Deep on Commonly Encountered Eligibility and Enrollment Issues

*Center on Budget and Policy Priorities*  
February 26, 2014



Part I:

# COBRA COVERAGE OPTIONS



# Open Enrollment: Annual Period When All Eligible Individuals Can *Enroll* in a Qualified Health Plan

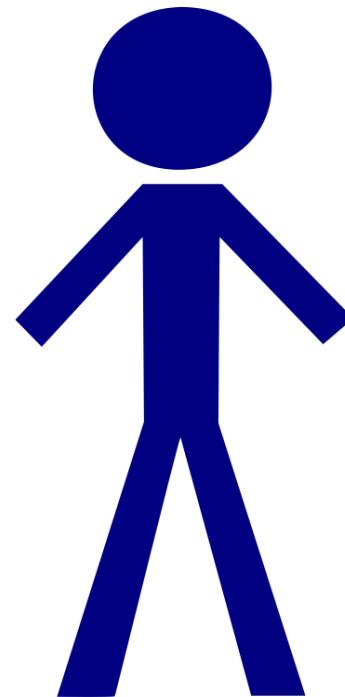
- Marketplaces will determine eligibility to enroll in a QHP, assess (or determine) eligibility for Medicaid and CHIP, and determine eligibility for premium tax credits and cost-sharing reductions *all* year.
- But a person can only enroll in a QHP during open enrollment (unless he/she meets requirements for a “special enrollment period”).



# A person must be enrolled in a QHP to receive subsidies



Marketplace Plan or  
QHP



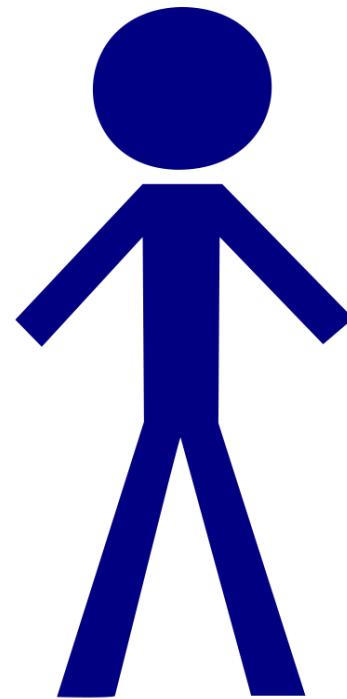
Tax Credit and Cost-  
Sharing Reduction



# Timing can prevent enrollment in a QHP/Marketplace plan



Marketplace Plan or  
QHP



Tax Credit and Cost-  
Sharing Reduction



# Background on COBRA

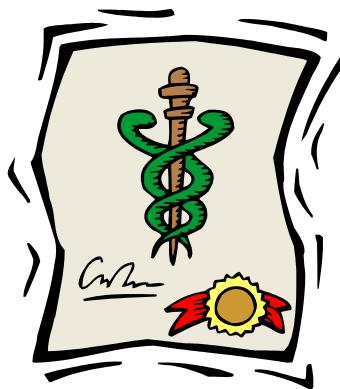
- Allows certain former employees and their family members to continue coverage under an employer's health plan.
- COBRA is offered when a person covered by a group health plan experiences a “qualifying event,” such as loss of a job (other than for gross misconduct) or a reduction in hours.
- The ACA treats state continuation coverage or “mini-COBRA” the same as federal COBRA for purposes of this discussion.
- The employee generally pays full cost of the COBRA premium.
- COBRA coverage is typically available for a maximum of 18 months.

## Q: Can a person with access to COBRA be eligible for Marketplace subsidies?

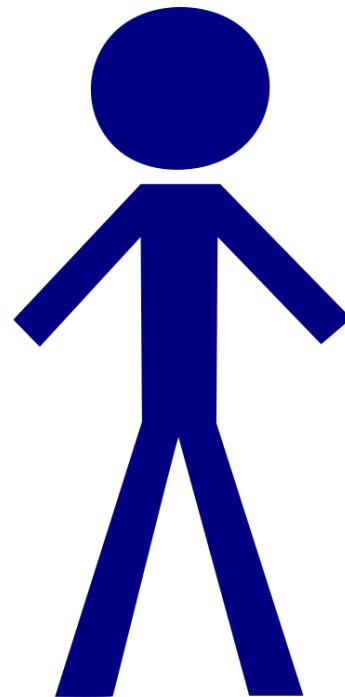
- Yes. The general rule is that being eligible for COBRA coverage does not bar a person from receiving subsidies through the Marketplace.
- So having the option of COBRA coverage differs from having the option to enroll in regular job-based coverage, which can prevent subsidy eligibility.
- If a person is enrolled in COBRA he or she cannot get Marketplace subsidies while still enrolled.



# Eligibility for Some Types of Coverage Bars Subsidy Eligibility



Employer-sponsored  
Health Plan

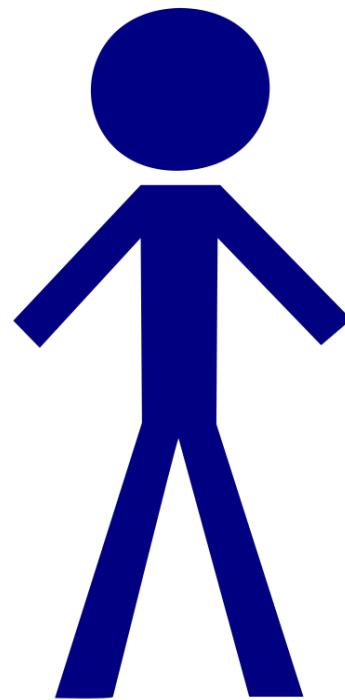




# Having the option to enroll in COBRA does not bar subsidy eligibility



COBRA

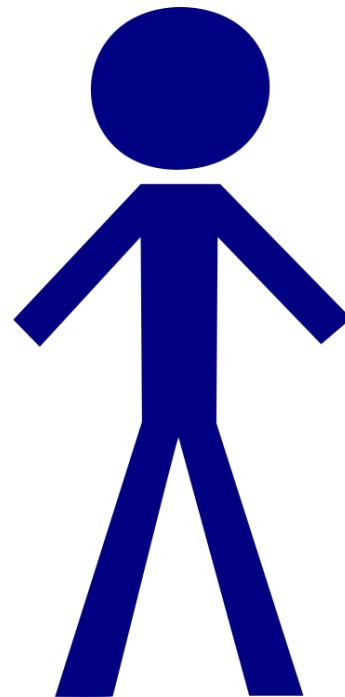




# A person enrolled in COBRA cannot get subsidies while enrolled



COBRA



# Retiree Coverage Works Similarly

- As with COBRA, being eligible for a retiree plan does not bar a person from receiving subsidies through the Marketplace.
- Therefore, having the option to enroll in retiree coverage is different than having the option, as an active employee, to enroll in the employer-sponsored coverage, which can be a bar to subsidies.



## Scenario #1: Shelby has the option to enroll in COBRA

- Last month she left a job where she had health insurance.
- Shelby has an offer of COBRA coverage through her former employer, but she finds the cost is too expensive. She hasn't enrolled in it.
- She wants to see if she qualifies for Marketplace subsidies.




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**INCOME**

**ADDITIONAL INFORMATION**

1 Shelby G

2 Other questions

**REVIEW & SIGN**

## Additional information

We need to know a few more things about you and your family to make sure we match you with the best available programs to lower your health coverage costs.

All fields are required unless they're marked optional.



**You may need:**

- Information about your current health coverage
- Information about any job-related coverage you and your family may be able to get, even if you're not enrolled in it
- If you are eligible for insurance from an employer, you'll need information about the plans they offer

**How can I get my employer's coverage information?**

You can use the [Employer Coverage Tool](#) to get the information you'll need. Download the form and take it to your employer's human resources office to complete.

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Is Shelby G enrolled in health coverage from any of the following?

- Virginia's Medicaid Program
- Virginia's CHIP Program
- Medicare
- TRICARE (Don't choose this if you have Direct Care or Line of Duty)
- VA health care program
- Peace Corps
- Individual insurance (non-group coverage)
- None of these

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Is Shelby G currently eligible for health coverage through a job (even if it's through COBRA or from another person's job, like a spouse)?

Yes

No

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Tell us which employer(s) offer(s) health coverage to  
Shelby G:

Check the box next to each employer that offers coverage. Include any coverage available  
through your job, or a spouse or parent/ guardian's job.

 NIYC

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 Other

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Shelby G:

Check the box next to each employer that offers coverage. Include any coverage available through your job, or a spouse or parent/ guardian's job.

**NIYC**

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Employer Identification Number (EIN) *optional*

XX-XXXXXX

Street address *optional*

Suite number *optional*

City *optional*

State *optional*

Select... ▾

ZIP code *optional*

Phone number

Ext. *optional*

XXX-XXX-XXXX

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## INCOME

## ADDITIONAL INFORMATION

## 1 Shelby G

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## REVIEW &amp; SIGN

Is Shelby G currently enrolled in NIYC's health coverage?

 Yes No

Is Shelby G currently in a waiting or probationary period?

 Yes No

Is Shelby G a current or former employee of this employer?

 Yes No

What's Shelby G's current work status at NIYC? (Select one.)

No longer working at this employer ▾

Is the coverage from NIYC COBRA coverage?

[Learn more about COBRA coverage.](#) Yes No

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## Tell us about NIYC's health coverage.

Is Shelby G planning to enroll in NIYC's health coverage in 2014 ?

Yes

No

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# Scenario #1: Shelby has the option to enroll in COBRA



Shelby's eligibility for COBRA does not prevent her from being eligible for subsidies. To use the subsidies, she would still need a Marketplace plan.

## Q: Can a person enrolled in COBRA drop it and access a Marketplace plan?

- Right now, yes.
- During Marketplace open enrollment, someone who is enrolled in COBRA can drop that coverage and enroll in a Marketplace plan.
- For people getting subsidies, the effective date of Marketplace coverage will be no earlier than the day after the COBRA coverage ends.

## Scenario #2: Shelby has COBRA and it's open enrollment

- Recently left a job where she had health insurance and now is enrolled in COBRA coverage through that employer.
- She signed up for COBRA because she didn't know she had another option, but it is very expensive for her.
- She wants to enroll in a Marketplace plan, possibly with subsidies.
- It is February 2014. Shelby is applying during the Marketplace open enrollment period.




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Is Shelby G currently eligible for health coverage through a job (even if it's through COBRA or from another person's job, like a spouse)?

Yes

No

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Tell us which employer(s) offer(s) health coverage to  
Shelby G:

Check the box next to each employer that offers coverage. Include any coverage available  
through your job, or a spouse or parent/ guardian's job.

 NIYC

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Tell us which employer(s) offer(s) health coverage to  
Shelby G:

Check the box next to each employer that offers coverage. Include any coverage available through your job, or a spouse or parent/ guardian's job.

**NIYC**

[EDIT](#)

Employer Identification Number (EIN) *optional*

XX-XXXXXX

Street address *optional*

Suite number *optional*

City *optional*

State *optional*

Select... ▾

ZIP code *optional*

Phone number

Ext. *optional*

XXX-XXX-XXXX

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2 Other questions

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Re-enter email address

Is Shelby G currently enrolled in NIYC's health coverage?

- Yes  
 No

Is Shelby G a current or former employee of this employer?

- Yes  
 No

What's Shelby G's current work status at NIYC? (Select one.)

No longer working at this employer ▾

Is the coverage from NIYC COBRA coverage?

[Learn more about COBRA coverage.](#)

- Yes  
 No

**Other**

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 Other

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### Tell us about NIYC's health coverage.

Does Shelby G expect COBRA benefits to expire during 2014, or does Shelby G expect to drop NIYC's health coverage in 2014?

 Yes

What's Shelby G's last day of coverage through NIYC's health plan?

03/31/2014



MM/DD/YYYY

 No

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## Scenario #2: Shelby has COBRA and applies at the Marketplace during open enrollment



Result: Shelby can drop her COBRA coverage and – because it is open enrollment in the Marketplace – enroll in a QHP and receive the subsidies she is eligible for.



# Q: How does the treatment of COBRA change after the Marketplace open enrollment period ends?

- The option to enroll in COBRA does not stop someone from being eligible for a Marketplace plan, including after open enrollment ends.
- However, if a person is enrolled in COBRA, dropping this coverage will not qualify her for a special enrollment period. Outside of open enrollment, she may have to wait until the next open enrollment period to get a Marketplace plan.

# Scenario #3: Shelby has COBRA, Marketplace open enrollment is over

- Left a prior job with health insurance and is enrolled in COBRA coverage through that employer.
- Wants to enroll in a Marketplace plan and has income in the subsidy range.
- It is April 2014, so Shelby is applying at the Marketplace after the annual open enrollment period has closed.



# Scenario #3: Shelby has COBRA, Marketplace open enrollment is over



Dropping COBRA does not trigger a special enrollment period. Shelby isn't able to enroll in a Marketplace plan, so she can't access the subsidies.

# Options for Shelby if she has COBRA and Marketplace open enrollment is over

- Wait until the next open enrollment period to acquire 2015 Marketplace coverage with a subsidy.
- Continue COBRA until it runs out (usually a total of 18 months).
- Note that if Shelby experiences an event that does trigger a special enrollment period in the Marketplace (i.e., permanent move to an area with a different array of Marketplace plans, marriage, etc.) she can enroll in a QHP without waiting until the next open enrollment period.

## Scenario #4: Marketplace open enrollment is over, Shelby is losing her job-based coverage

- Shelby is leaving her job and losing her employer-sponsored health insurance.
- Her employer has offered her COBRA.
- Marketplace open enrollment is over for the year, but Shelby's loss of her employer coverage also triggers a special enrollment period in the Marketplace.
- She weighs both options and decides which is best for her.





# CMS Fact Sheet and COBRA

- <https://www.healthcare.gov/what-if-i-currently-have-cobra-coverage/>

## What if I currently have COBRA coverage?

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If you have COBRA continuation health coverage, you can keep it or decide to buy a Marketplace insurance plan.

### COBRA and the Health Insurance Marketplace

When you leave a job, you may be able to keep your job-based health coverage for a period, usually up to 18 months. This is called [COBRA continuation coverage](#).

With COBRA coverage, you usually have to pay the entire premium yourself, plus a small administrative fee. Your former employer no longer pays any of your insurance costs.

### Dropping COBRA to get Marketplace coverage

During the open enrollment period you can drop your COBRA coverage and get a plan in the Marketplace instead. Open enrollment ends March 31, 2014.

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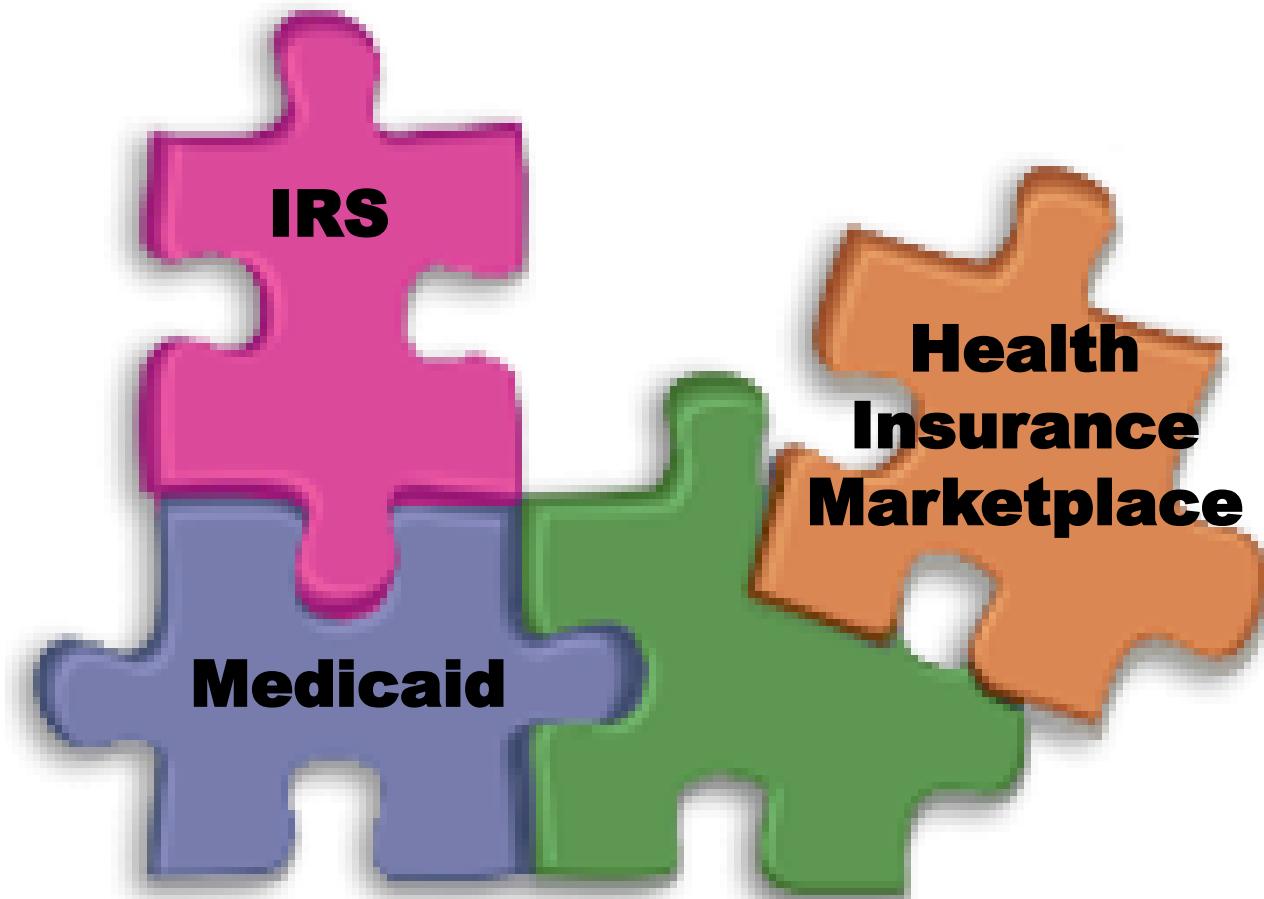
[What if I'm retired but not eligible for Medicare?](#)



Section II:

# **HEALTH COVERAGE FOR YOUNG ADULTS AND STUDENTS**

# Determining Eligibility Requires Piecing Together Different Rules and Requirements



# Mapping Out Different Definitions and Requirements

	<b>Dependent Coverage</b>	<b>Qualifying Child or Relative for Tax</b>	<b>Medicaid Household</b>
Definition of Child	<ul style="list-style-type: none"> <li>• Biological or adopted</li> </ul>	<ul style="list-style-type: none"> <li>• Qualifying children include biological, step, adopted or foster child, sibling, niece or nephew, or grandchild</li> </ul>	<ul style="list-style-type: none"> <li>• Biological, step or adopted child</li> </ul>
Age Limit	<ul style="list-style-type: none"> <li>• Children must be under 26 to be eligible for dependent coverage</li> </ul>	<ul style="list-style-type: none"> <li>• Children must be under 19 (or 24 if FT student) to be claimed as qualifying child</li> <li>• No age limit on being claimed as a qualifying relative</li> </ul>	<ul style="list-style-type: none"> <li>• No age limit for applying the tax dependent rule to child dependents</li> <li>• For applying the non-filer rule, children are under 19 or at state option, under 19 or 21 if FT student</li> </ul>

# Confusion About Coverage Dependent vs. Tax Dependent

- A 24-year-old lives on his own but is a dependent on his parent's employer plan. Can he qualify for premium tax credits?
- How does the requirement for insurers that offer dependent coverage to cover children up to age 26 affect premium credit eligibility for these adult children?
- If an adult child (age 26 or older) is living in her parents' home and is properly claimed as a tax dependent by her parents, can she qualify for premium tax credits?

# Dependents for Purposes of Coverage

- A coverage dependent is the child (biological or adopted) of the participant (subscriber) who is under age 26.
- Group health plans and health insurance issuers can choose to define dependents more broadly
- There can be no additional requirements for considering a child a dependent

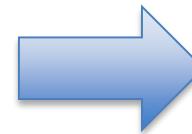


# Who Qualifies as a Coverage Dependent?



**John**

- 24 years old
- Lives on his own
- Earns \$30,000



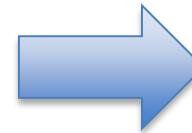
Qualify for Dependent Coverage?

**Yes**



**Jane**

- 27 years old
- Lives with parents
- In law school
- No earnings



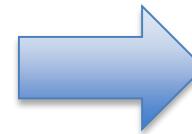
Qualify for Dependent Coverage?

**No**



**Leena**

- 5 years old
- Lives with aunt
- Under guardianship of her aunt



Qualify for Dependent Coverage?

**No**

# Dependents for Purposes of Taxes

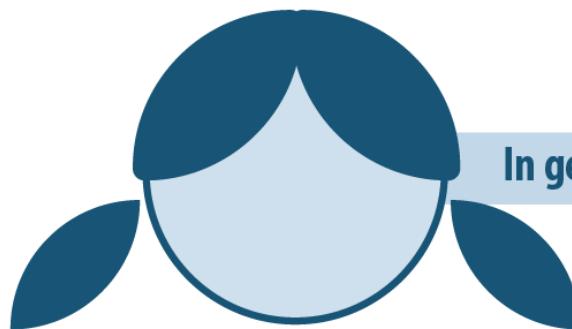
- A tax dependent is a person, other than the tax filer or tax filer's spouse, for whom the tax filer can claim an exemption.
- There are two kinds of tax dependents:
  - Qualifying child
  - Qualifying relative



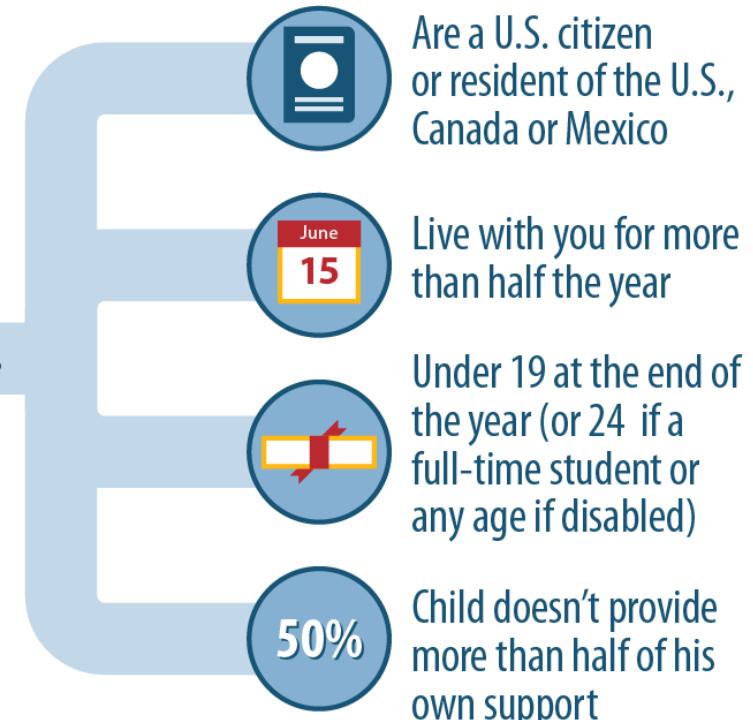
# Who Can Be a Qualifying Child?

## Children

A child can include your child, step child, adopted child, foster child, brother, sister, niece, nephew or grandchild



In general qualify if...

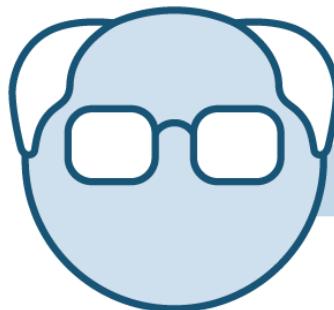




# Who Can Be a Qualifying Relative?

## Other individuals

Other individuals can include a relative, in-law or a full-time member of your household



In general qualify if...

- Are a U.S. citizen or resident of the U.S., Canada or Mexico
- Provide more than 50% of the dependent's support
- Be related to you or live in your home all year
- Make less than \$3,950 (in 2014). Generally doesn't include social security



# Can John Be Claimed as a Tax Dependent?

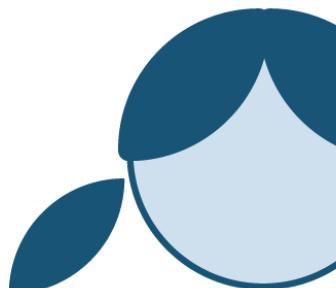


John

- 24 years old
- Lives on his own
- Earns \$30,000

## Children

A child can include your child, step child, adopted child, foster child, brother, sister, niece, nephew or grandchild



In general qualify if...

- Are a U.S. citizen or resident of the U.S., Canada or Mexico ✓
- Live with you for more than half the year ✗
- Under 19 at the end of the year (or 24 if a full-time student or any age if disabled) ✗
- Child doesn't provide more than half of his own support ✗



# Can John Be Claimed as a Tax Dependent?



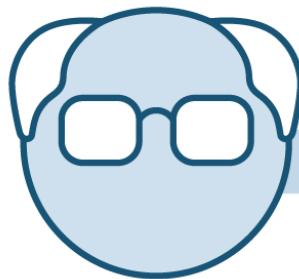
John

- 24 years old
- Lives on his own
- Earns \$30,000

John cannot be claimed as a tax dependent

## Other individuals

Other individuals can include a relative, in-law or a full-time member of your household



In general qualify if...



Are a U.S. citizen or resident of the U.S., Canada or Mexico



Provide more than 50% of the dependent's support



Be related to you or live in your home all year



Make less than \$3,950 (in 2014). Generally doesn't include social security





# Can Jane Be Claimed as a Tax Dependent?

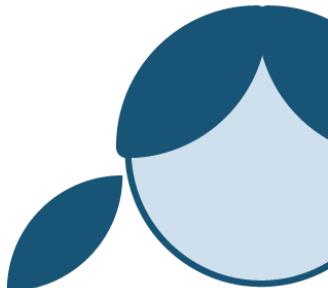


Jane

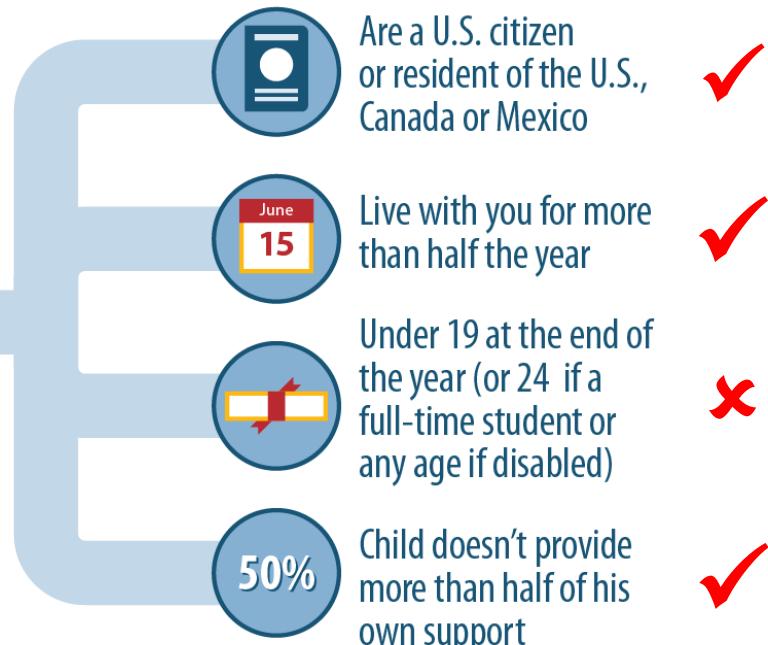
- 27 years old
- Lives with parents
- In law school,  
no earnings

## Children

A child can include your child, step child, adopted child, foster child, brother, sister, niece, nephew or grandchild



In general qualify if...





# Can Jane Be Claimed as a Tax Dependent?



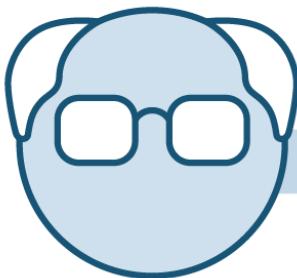
Jane

- 27 years old
- Lives with parents
- In law school,  
no earnings

Jane can be claimed  
as a tax dependent

## Other individuals

Other individuals can include a relative, in-law or a full-time member of your household



In general qualify if...

-  Are a U.S. citizen or resident of the U.S., Canada or Mexico ✓
-  Provide more than 50% of the dependent's support ✓
-  Be related to you or live in your home all year ✓
-  Make less than \$3,950 (in 2014). Generally doesn't include social security ✓

# Can Leena Be Claimed as a Tax Dependent?



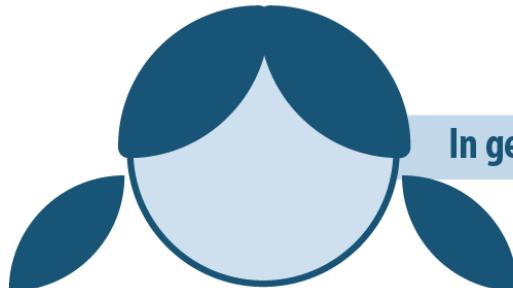
Leena

- 5 years old
- Under guardianship of her aunt

Leena can be claimed as a tax dependent

## Children

A child can include your child, step child, adopted child, foster child, brother, sister, niece, nephew or grandchild



In general qualify if...

- Are a U.S. citizen or resident of the U.S., Canada or Mexico 
- Live with you for more than half the year 
- Under 19 at the end of the year (or 24 if a full-time student or any age if disabled) 
- Child doesn't provide more than half of his own support 

# What Coverage Choices Does John Have?



**John**

- 24 years old
- Lives on his own
- Earns \$30,000

- Can be a coverage dependent
- Tax filer, not claimed as a dependent

## Parents' Coverage

- John can get on his parents' plan because he is under 26.
- The offer does not make John ineligible for a Premium Tax Credit.

## Marketplace Coverage

- John can apply for Premium Tax Credits and Cost-Sharing Reductions.
- His expected contribution for the benchmark plan is \$2,545 per year.

# What Coverage Choices Does Jane Have?



**Jane**

- 27 years old
- Lives with parents
- In law school
- No earnings
- Cannot be a coverage dependent
- Claimed as tax dependent by parents

## Parents' Coverage

- Jane cannot get on her parents' coverage because she is not under 26 years old.

## Student Coverage

- Jane can enroll in her university's student health plan.
- This qualifies as Minimum Essential Coverage but doesn't make Jane ineligible for PTCs.

## Marketplace Coverage

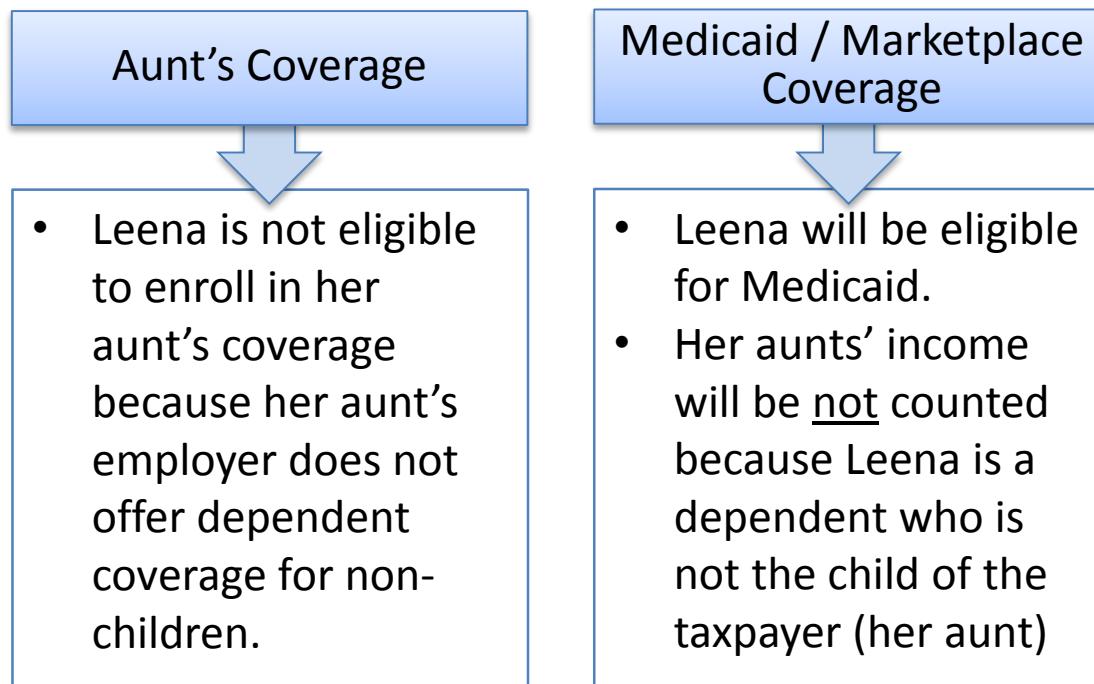
- Jane can apply for Medicaid or PTCs.
- Her parents' income will be counted towards her eligibility because she is their dependent

# What Coverage Choices Does Leena Have?



## Leena

- 5 years old
- Under guardianship of her aunt
- Not a coverage dependent on her aunt's employer plan
- Claimed as tax dependent by aunt





# Confusion About When to Apply Definitions of “Child” in Determining Medicaid Households

- How does Medicaid determine the household of an adult claimed by her parents as a tax dependent?
  - Is she a separate household?
  - Or is she the household of her parents who claim her?



# Who Is in a Medicaid Household?

If an individual expects to be a:

## Tax Filer Not Claimed as a Dependent

Individual's household is:

- Tax filer and all persons whom taxpayer expects to claim as a dependent

### SPECIAL RULES

- For married couples filing jointly, each spouse is considered a tax filer
- Married couples living together are always in each other's household regardless of how they file

## Tax Dependent

Individual's household is:

- The household of the tax filer claiming individual as a dependent

### EXCEPTIONS

(apply the rules for non-filer)

- Tax dependents not a child or spouse of the taxpayer
- Children living with both parents not expected to file a joint return
- Children claimed as tax dependent by non-custodial parents

## Non-Filer / Non-Dependent

For adults:

- Household is the individual plus, if living with individual, spouse and children

For children:

- Household is the child plus siblings and parents (including step-parents) living with child

At state option, children are either

- Under age 19, or
- Under age 19, or full-time students under age 21

# How Does Medicaid Evaluate Jane's Eligibility?



**Jane**

- 27 years old
  - Lives with parents
  - In law school
  - No earnings
  - Cannot be a coverage dependent
  - Claimed as tax dependent by parents
- 
- Apply tax dependent rule
    - Jane's household is the household of her parents who claim her
  - Does not matter that Jane is claimed as a qualifying relative as opposed to a qualifying child
  - Does not matter that Jane is over age 19

# Confusion About Coverage and the Eligibility Process for Out-of-State Students

- An 18-year-old attends college in a different state from where his parents live. His parents claim him as a dependent on their tax return.
  - Of which state is he a resident?
  - In which state does he apply for coverage?
  - Is he included in the household of his parents or is he his own household?

# Eligibility for a Family with Dependent Child Attending College Out of State



## Gilberto, Sonia, Marco, and Ana Reyes

- Gilberto, Sonia, are married filing jointly
  - Claim both children
  - Marco attends college out of state
  - Ana lives at home
- 
- What are the Reyes family's Medicaid and premium tax credit household?
    - They are all a household of four.
  - Of which state is Marco a resident?
    - Marco can declare the state in which he intends to live and remain as his state of residence. That can be the state where his parents live, or the state where he attends college.

# What Are the Implications of Declaring Residency in Another State?

- If Marco declares the state in which he goes to school as his residence, does he become a household of one?
  - No. Residing in a different state from his parents does not change his Medicaid or PTC household, which is based on his tax filing status.
- If Marco declares residency in another state, how would the family apply?
  - Gilberto and Sonia would submit an application in the state where they live. Marco would submit a separate application for himself to the Medicaid agency or Marketplace where he lives.



Section III:

# **REPORTING CHANGES IN CIRCUMSTANCES**



# New healthcare.gov functionality

The screenshot shows a web interface for reporting life changes on healthcare.gov. On the left, a sidebar menu lists options like 'My plans & programs', 'Eligibility & appeals', 'Applications details', **'Report a life change'** (which is selected), 'Communication preferences', and 'Authorized users'. The main content area is titled 'Report a life change' and asks 'What kind of change do you want to make?'. It lists several options with descriptions:

- Report an enrolled person moving out-of-state
- Add or remove member of household
  - Change application information (You'll see a detailed list of changes in addition to the ones below)
    - Get help paying for health coverage
    - Change a name, member of household, or other personal information
    - Report marriage, birth or adoption
    - Report a new job and/or change in income
    - Change a member of your household on tax return
    - Report a gain or loss of health coverage
    - Report moving within the same state to a different Zip code or county
- Change Marketplace contact information only
  - Email
  - Phone number
  - Add or remove phone text alert
  - Start or stop mailing of paper notices
- Change other contact information only
  - Home address within the same zip code and county
  - Mailing address
  - Update authorized representative
- I'm not sure if I need to report changes. I want to see the detailed list of changes

A large green button at the bottom center says 'REPORT A LIFE CHANGE'.



# Changes affecting eligibility

**REPORT A LIFE CHANGE**

- Life changes that affect eligibility must be reported within 30 days. This includes:
  - Changes in income
  - Changes in who is in the household
  - Changes regarding the availability of minimum essential coverage
- Changes will be verified by the Marketplace and eligibility will be re-determined based on the new information



# Changes in income

- A new monthly APTC is calculated based on:
  - the new estimate of annual income
  - the amount of APTC that has already been received

When John enrolled in Marketplace coverage in Nov. 2013, he projected an income of \$20,000 for 2014.



On May 1, John started a new job with a salary of \$30,000. He reported the change to the Marketplace.

## Original APTC calculation

Income: **\$20,000**

Household: **1**

APTC: **\$1,514/yr (\$126/mo)**

Jan  
Feb  
Mar  
April  
May  
June  
July  
Aug  
Sept  
Oct  
Nov  
Dec

Monthly income @ \$20k  
 $\$1,667/\text{mo} \times 4 = \$6,668$

Monthly income @ \$30k  
 $\$2,500/\text{mo} \times 8 = \$20,000$



# Changes in income

- A new monthly APTC is calculated based on:
  - the new estimate of annual income
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When John enrolled in Marketplace coverage in Nov. 2013, he projected an income of \$20,000 for 2014.



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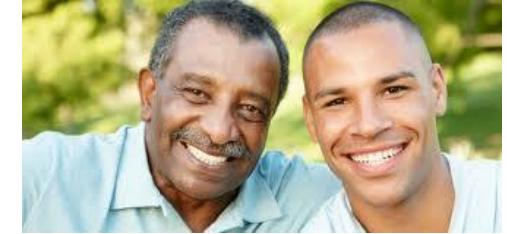
Original APTC calculation  
Income: **\$20,000**  
Household: **1**  
APTC: **\$1,514/yr (\$126/mo)**

**APTC received**  
Jan: \$126  
Feb: \$126  
Mar: \$126  
Apr: \$126  
**\$504**

New APTC calculation  
Income: **\$26,668**  
Household: **1**  
APTC: **\$556/yr (\$46/mo)**

**Adjust APTC by amount already received**  
**\$556 total allowable credit**  
**- \$504 credit received**  
**\$ 52 credit remaining**  
**~ \$6/mo (or opt to take none)**

# Changes in filing status



Chuck is separated from his wife but not divorced. They will not file taxes together in 2014. Chuck has an adult son, Michael, who is unemployed, has no income and is living with Chuck. They both need health insurance.

Chuck plans to file his 2014 taxes as head of household.

## Original APTC calculation

Income: \$40,000

Household: 2

APTC: \$4,094/yr (\$341/mo)

## Head of Household Rules

- Must be unmarried OR *considered* unmarried (lived apart from spouse for the last 6 months of the tax year)
- Must pay more than half the cost of keeping up the home for a “qualifying person”
  - ✓ Your qualifying child
  - ✓ A qualifying relative who is related to you and lived with you for more than 6 months
  - ✓ A parent who is a dependent

# Changes in filing status



- In June, Michael gets a job and will no longer be his father's dependent.
- Chuck reports this to the Marketplace and his eligibility is redetermined.
- Chuck cannot be head of household. He is now married filing separately so the Marketplace tells him he is ineligible for premium tax credits.

New PTC calculation

Income: \$0.00

Household: 1

**Married Filing Separately**

The entire text block is framed by a large red 'X' and enclosed in an orange border.



# Changes in dependency

- Like filing status, dependency is determined at the end of the year for the entire year. (There is no “half-year dependent.”)
- In many cases, dependency will be straightforward
- But changes can often occur regarding “qualifying relatives” (unrelated or adult dependents) and older children.



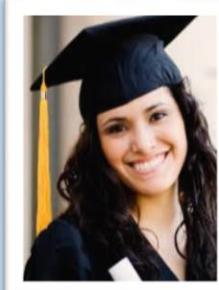
# Example: Katie, the college student

Katie is 22-years-old, a full-time student and will graduate with a B.A. in May 2014. Katie and her parents are uninsured.



**Katie's  
Parents**

**Income:** \$50,000



**Katie**

**Income:** \$2,500 from a work-study job on campus

**Tuition:** \$10,000

\$5,000 in academic scholarships

\$2,000 from Katie's parents

\$3,000 in Stafford loans in Katie's name



# Student “income”

## NOT INCOME

- Scholarships *for tuition* if:
  - Student is a degree candidate AND
  - Terms specify that it should be applied to tuition or it can be used for tuition and is *not more than* tuition
- Grants
- Loans

## INCOME

- Scholarships for things other than tuition
  - When terms specify that it should be used for anything other than tuition (e.g., room & board, books, etc)
- Money with a work requirement
  - Will be reported on W-2 as earned income
  - \*\*Not counted as income for Medicaid
- Federal work-study

### What is counted in Katie’s income?

\$2,500 from a work-study job on campus – YES

\$5,000 in academic scholarships – NO

\$2,000 from Katie’s parents – NO

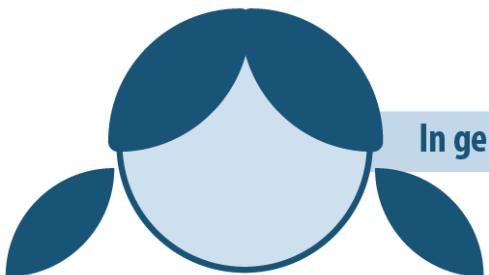
\$3,000 in Stafford loans in Katie’s name – NO



# Is Katie a dependent?

## Children

A child can include your child, step child, adopted child, foster child, brother, sister, niece, nephew or grandchild



In general qualify if...

-  Are a U.S. citizen or resident of the U.S., Canada or Mexico
  -  Live with you for more than half the year
  -  Under 19 at the end of the year (or 24 if a full-time student or any age if disabled)
  -  Child doesn't provide more than half of his own support
- Living away from home while attending school is a "temporary absence" and is still considered time in the home.
- "Full-time student" = full-time for at least 5 months of the tax year.
- Support includes educational expenses. Loans in the child's name are considered the child's own support.



# Is Katie a dependent?

Based on what we know right now, Katie *might* be her parents' dependent.

<b>Is Katie paying more than half of her own support?</b>		
SUPPORT	TOTAL COST	KATIE PAYS
<b>Housing &amp; Utilities</b>	\$600/mo \$7,200	\$0
<b>Food</b>	\$200/mo \$2,400	\$100/mo \$1,200
<b>Clothing</b>	\$150/mo \$1,800	\$100/mo \$1,200
<b>Medical</b>	\$2,500	\$0
<b>Education</b>	\$10,000	\$3,000
<b>Other</b>	\$1,000	\$500
<b>TOTAL</b>	<b>\$24,900</b>	<b>\$5,900 (21% of total support)</b>

**Yes, Katie is  
a dependent.**



# Is Katie a dependent?

Based on what we know right now, Katie *might* be her parents' dependent.

<b>Is Katie paying more than half of her own support?</b>		
SUPPORT	TOTAL COST	KATIE PAYS
<b>Housing &amp; Utilities</b>	\$600/mo \$7,200	\$0
<b>Food</b>	\$200/mo \$2,400	\$100/mo \$1,200
<b>Clothing</b>	\$150/mo \$1,800	\$100/mo \$1,200
<b>Medical</b>	\$2,500	\$0
<b>Education</b>	\$10,000	<b>\$10,000</b>
<b>Other</b>	\$1,000	\$500
<b>TOTAL</b>	<b>\$24,900</b>	<b>\$12,900 (52% of total support)</b>



**But what if....**

Katie takes out \$10,000 in loans instead of \$3,000?

She is paying more than 50% of her own support. Therefore, she will not be a dependent.



# Katie is a dependent



**Katie and her parents enroll in Marketplace coverage**



Household: **3**

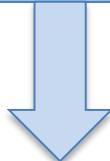
Income:      **\$50,000** (256% FPL)

Premium costs for 3:      **\$10,623**

Premium tax credit for 3: **\$ 6,511**  
                                  (\$543/mo)

**Is Katie's \$2,500 of income added to MAGI?**

**No,** Katie's \$2,500 income does not create a **filing requirement.**



**When does a dependent have a filing requirement?**

In general, a single dependent under age 65 has a filing requirement if (2013 figures):

- **Earned income >\$6,100, OR**
- **Unearned income >\$1,000, OR**
- **Taxable gross income was greater than either: \$1,000 or earned income (up to \$5,750) plus \$350.**

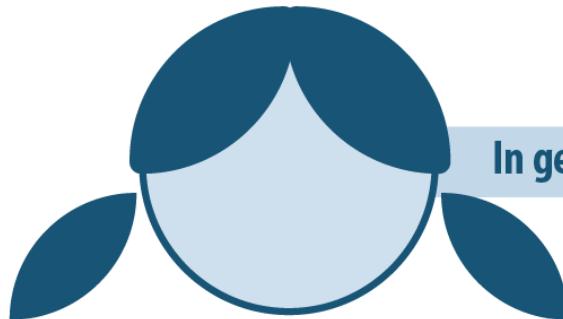


**Surprise!** Katie gets a job starting September 1. It pays \$40k/yr and includes health insurance!

## Is Katie still a dependent?

### Children

A child can include your child, step child, adopted child, foster child, brother, sister, niece, nephew or grandchild



In general qualify if...

-  Are a U.S. citizen or resident of the U.S., Canada or Mexico ✓
-  Live with you for more than half the year ✓
-  Under 19 at the end of the year (or 24 if a full-time student or any age if disabled) ✓
-  Child doesn't provide more than half of his own support X

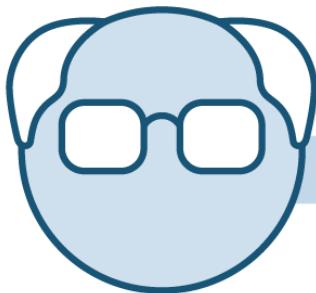


**Surprise!** Katie gets a job starting September 1. It pays \$40k/yr and includes health insurance!

## Is Katie still a dependent?

### Other individuals

Other individuals can include a relative, in-law or a full-time member of your household



In general qualify if...



Are a U.S. citizen or resident of the U.S., Canada or Mexico



Provide more than 50% of the dependent's support



Be related to you or live in your home all year



Make less than \$3,950 (in 2014). Generally doesn't include social security





# Change in circumstances

Katie's parents report a change in circumstances on September 1.



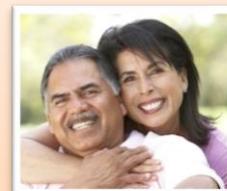
**Katie is projected  
to be a dependent  
(Jan – Aug)**

Household: 3

Income: \$50,000 (256% FPL)

Premium costs for 3: \$10,623

Premium tax credit for 3: \$ 6,511 \$543/mo



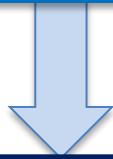
**Katie's parents realize  
she is not a dependent**

Household: 2

Income: \$50,000 (322% FPL)

Premium costs for 2: \$7,804

Premium tax credit for 2: \$3,054



## APTC Received

\$543/mo x 8 mo = \$4,340

## September 1 Redetermination

APTC received (Jan-Aug): \$4,340

Maximum PTC for parents: \$3,054

**\$0 PTC allowed**

**for remaining months.**

# Contact Information

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For more information and resources, please visit:

[www.healthreformbeyondthebasics.org](http://www.healthreformbeyondthebasics.org)