



Health Reform: **Beyond the Basics**

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# Determining Households and Income for Premium Tax Credits and Medicaid

*Center on Budget and Policy Priorities*

October 16, 2014

- Why household size and composition matter
- Why tax filing status matters
- How the Marketplaces determine households for premium tax credits
- How the Marketplaces determine households for Medicaid
- What counts as income under MAGI rules
- How Marketplaces and Medicaid combine household and income counting rules to determine eligibility

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# Why Household Size and Composition Matter

Necessary to convert income to a federal poverty line (FPL) standard:

Household Size	% of Federal Poverty Line (in 2014)				
	100%	138%	200%	250%	400%
1	\$11,670	\$16,105	\$23,340	\$29,175	\$46,680
2	\$15,730	\$21,707	\$31,460	\$39,325	\$62,920
3	\$19,790	\$27,310	\$39,580	\$49,475	\$79,160
4	\$23,850	\$32,913	\$47,700	\$59,625	\$95,400
5	\$27,910	\$38,516	\$55,820	\$69,775	\$111,640

- Who is in the household determines whose income counts in determining eligibility



Annual Household Income		Expected Premium Contribution	
% of FPL	Income Amount <sup>1</sup> (Using 2014 FPL)	% of Income	Dollar Amount <sup>2</sup>
< 133% <sup>3</sup>	< \$15,521	2.01%	< \$312
133 - 138% <sup>3</sup>	\$15,521 - \$16,105	3.01% - 3.31%	\$467 - \$533
138 - 150%	\$16,105 - \$17,505	3.31% - 4.02%	\$533 - \$704
150 - 200%	\$17,505 - \$23,340	4.02% - 6.34%	\$704 - \$1,480
200 - 250%	\$23,340 - \$29,175	6.34% - 8.10%	\$1,480 - \$2,363
250 - 300%	\$29,175 - \$35,010	8.10% - 9.56%	\$2,363 - \$3,347
300 - 350%	\$35,010 - \$40,740	9.56%	\$3,347 - \$3,895
350 - 400%	\$40,740 - \$46,680	9.56%	\$3,895 - \$4,463
> 400%	> \$46,680	n/a	n/a

<sup>1</sup> For a household of one (i.e. an individual)

<sup>2</sup> Based on second-lowest priced SILVER health plan in the Marketplace

<sup>3</sup> Individuals with <138% FPL that would be eligible for Medicaid are ineligible for tax credits

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# Why Tax Filing Status Matters

# What Tax Filing Statuses are Available?



A person is unmarried, legally separated or divorced, as defined by state law	<b>Single</b>
A person is legally married in his or her state, whether living with or apart from his or her spouse, and files taxes together with his or her spouse	<b>Married Filing Jointly</b>
A person is legally married in his or her state, whether living with or apart from his or her spouse, and files taxes separately from his or her spouse	<b>Married Filing Separately</b>
A person is unmarried or <i>considered</i> unmarried for tax purposes, pays more than half of the costs of keeping up the home for a qualifying person whom he or she will claim as a dependent	<b>Head of Household</b>
A person has a spouse who passed away in the two previous tax years, has a child or step-child who meets the definition of a Qualifying Child, and pays more than half the cost of keeping up the home for that child	<b>Qualifying Widow(er) with Dependent Child(ren)</b>

- In general, a person who is married must file jointly with his or her spouse in order to claim PTC.
- **Three exceptions** to the joint filing requirement
  - Head of Household
  - Domestic abuse
  - Abandoned spouse
- If a person will file taxes as Married Filing Separately and doesn't qualify for one of these exceptions, he or she could still be eligible for Medicaid and to purchase health insurance in the Marketplace (without PTC).



# Exceptions to the Joint Filing Requirement for PTCs

## Who Qualifies for PTC Even if Filing Separately from a Spouse?

### Head of Household

Some people who are married but do not file taxes with their spouse are eligible for PTCs if they qualify and file as Head of Household.



#### ASSISTERS TIP

##### When Can a Married Person File as Head of Household?

A married person is considered unmarried and is eligible to file as Head of Household if he or she can answer YES to each of the following questions:

Will you file taxes separately from your spouse in the year in which the premium tax credit is received?  Yes  No

Will you live separately from your spouse from July 1 to December 31 in that year?  Yes  No

Will you pay more than half of the cost of keeping up your home in that year?  Yes  No

Do you have a child, stepchild, or foster child (of any age) who lives with you for more than half the year?  Yes  No

Will either you or the child's other parent claim the child as a dependent?  Yes  No

If all answers are yes, the applicant is Head of Household and is considered unmarried. If the answer to any of these questions is No, the applicant cannot file as Head of Household.

## Example: Head of Household

Chuck is separated from his wife but not divorced. They will not file taxes together in 2015. Chuck has an adult son, Michael, who is unemployed, has no income and is living with Chuck. They both need health insurance.



### ASSISTERS TIP

#### When Can a Married Person File as Head of Household?

A married person is considered unmarried and is eligible to file as Head of Household if he or she can answer YES to each of the following questions:

Will you file taxes separately from your spouse in the year in which the premium tax credit is received?  Yes  No

Will you live separately from your spouse from July 1 to December 31 in that year?  Yes  No

Will you pay more than half of the cost of keeping up your home in that year?  Yes  No

Do you have a child, stepchild, or foster child (of any age) who lives with you for more than half the year?  Yes  No

Will either you or the child's other parent claim the child as a dependent?  Yes  No

If all answers are yes, the applicant is Head of Household and is considered unmarried. If the answer to any of these questions is No, the applicant cannot file as Head of Household.

Chuck appears to qualify to file as Head of Household because he would be “considered unmarried” by the IRS.



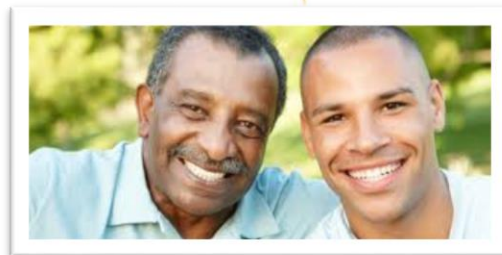
Is  married?

Yes

No

## Example: Head of Household

New facts: Chuck's marital situation is the same and his adult son, Michael, still lives with him. However, Michael is employed and not his dependent.



### ASSISTERS TIP

#### When Can a Married Person File as Head of Household?

A married person is considered unmarried and is eligible to file as Head of Household if he or she can answer YES to each of the following questions:

Will you file taxes separately from your spouse in the year in which the premium tax credit is received?  Yes  No

Will you live separately from your spouse from July 1 to December 31 in that year?  Yes  No

Will you pay more than half of the cost of keeping up your home in that year?  Yes  No

Do you have a child, stepchild, or foster child (of any age) who lives with you for more than half the year?  Yes  No

Will either you or the child's other parent claim the child as a dependent?  Yes  No

If all answers are yes, the applicant is Head of Household and is considered unmarried. If the answer to any of these questions is No, the applicant cannot file as Head of Household.

**Chuck does not appear to qualify to file as Head of Household because he is not supporting a child who is his dependent.**



Is [redacted] married?

- Yes  
 No

Does [redacted] plan to file a joint federal income tax return with his spouse for 2014?


- Yes  
 No

# Exceptions to the Joint Filing Requirement for PTCs

## Who Qualifies for PTC Even if Filing Separately from a Spouse?

### Domestic abuse\*

- A taxpayer who is Married Filing Separately can meet the joint filing requirement if he/she:
  - Lives apart from the spouse
  - Is unable to file a joint return because of domestic abuse



Is [redacted] married?

Yes

No

### Abandoned spouses\*

- A taxpayer who is Married Filing Separately can meet the joint filing requirement if he/she is:
  - Living apart from the spouse
  - Unable to locate spouse after using due diligence

*\* Can be used for a maximum of three consecutive years*

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# Determining Households for Premium Tax Credits

- Household = individuals for whom a taxpayer will claim an exemption
- Taxpayer can claim a personal exemption for:
  - Self and spouse
  - Dependents
    - Children and other relatives who meet certain requirements
    - A person may be a dependent even if he files a tax return (as long as he does not claim his own exemption)
- A household includes all individuals in the tax unit even if they are ineligible for premium tax credits
- It is based on expected tax filing status for the taxable year in which premium credits are being claimed



# Determining Tax Dependents

## Who Can Be Claimed as a Qualifying Child?

### Children

A child can include the tax filer's child, step child, adopted child, foster child, brother, sister, niece, nephew or grandchild



In general a child can be claimed as a Qualifying Child if she...



Is a U.S. citizen or resident (for tax purposes) of the U.S., Canada or Mexico



Lives with the tax filer for more than half the year



Is under 19 at the end of the year (or 24 if a full-time student or any age if disabled)



Doesn't provide more than half of her own support

- The person who claims the child as a dependent can claim PTCs for the child. Usually, this is the custodial parent.
- However, sometimes a child is claimed by the noncustodial parent.
  - For a noncustodial parent to claim the child, the custodial parent must sign a tax form granting him the child's exemption
  - If that happens, the noncustodial parent can claim PTCs for the child (if eligible)
  - The noncustodial parent claiming the child's exemption is also liable for the penalty if the child is uninsured





# Determining Tax Dependents

## Who Can Be Claimed as a Qualifying Relative

### Other individuals

Other individuals can include a relative or a full-time member of the tax filer's household who is not a relative



In general a person can be claimed as a Qualifying Relative if he...



Cannot be claimed as a Qualifying Child



Is a U.S. citizen or resident (for tax purposes) of the U.S., Canada or Mexico



Receives more than 50% of his support from the tax filer



Is related to the tax filer or lives in the tax filer's home all year



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

# Example: Can Jane Be Claimed as a Tax Dependent?



## Jane

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

Jane cannot be claimed as a qualifying child

## Children

A child can include the tax filer's child, step child, adopted child, foster child, brother, sister, niece, nephew or grandchild



In general a child can be claimed as a Qualifying Child if she...



Is a U.S. citizen or resident (for tax purposes) of the U.S., Canada or Mexico



Lives with the tax filer for more than half the year



Is under 19 at the end of the year (or 24 if a full-time student or any age if disabled)



Doesn't provide more than half of her own support



# Example: 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 qualifying relative

## Other individuals

Other individuals can include a relative or a full-time member of the tax filer's household who is not a relative



In general a person can be claimed as a Qualifying Relative if he...



Cannot be claimed as a Qualifying Child



Is a U.S. citizen or resident (for tax purposes) of the U.S., Canada or Mexico



Receives more than 50% of his support from the tax filer



Is related to the tax filer or lives in the tax filer's home all year



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



# Example: Can Leena Be Claimed as a Tax Dependent?



## Leena

- 5 years old
- Under guardianship of her aunt

Leena can be claimed as a qualifying child

## Children

A child can include the tax filer's child, step child, adopted child, foster child, brother, sister, niece, nephew or grandchild



In general a child can be claimed as a Qualifying Child if she...



Is a U.S. citizen or resident (for tax purposes) of the U.S., Canada or Mexico



Lives with the tax filer for more than half the year



Is under 19 at the end of the year (or 24 if a full-time student or any age if disabled)



Doesn't provide more than half of her own support

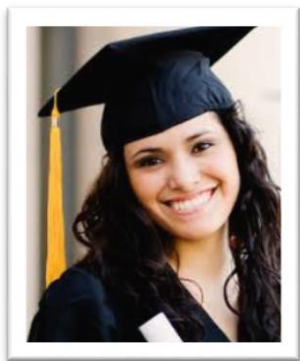


Katie is a 22-year-old, full-time student.



## Katie's Parents

Income: \$50,000



## Katie

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

Tuition: \$10,000

\$5,000 in academic scholarships

\$2,000 from Katie's parents

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

# Is Katie a dependent?



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.

## Children

A child can include the tax filer’s child, step child, adopted child, foster child, brother, sister, niece, nephew or grandchild



In general a child can be claimed as a **Qualifying Child** if she...



Is a U.S. citizen or resident (for tax purposes) of the U.S., Canada or Mexico



Lives with the tax filer for more than half the year



Is under 19 at the end of the year (or 24 if a full-time student or any age if disabled)



Doesn’t provide more than half of her own support

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

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

**Yes, Katie is  
a dependent.**

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

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



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# Determining Households for MAGI Medicaid

- MAGI rules apply to:
  - Children
  - Pregnant women
  - Parents / Caretaker relatives (whether or not state expands Medicaid)
  - New adult group (only in states expanding Medicaid)
- Different household and income rules apply to:
  - Seniors (people 65 and over)
  - Most people with disabilities



- Separate determination for each individual
  - Members of a family can have different household sizes
- Three categories of individuals:
  - Tax filers not claimed as a tax dependent
  - Tax dependents
  - Non-filers and not claimed as a tax dependent
- Based on expected filing status



Tax filer not claimed as a dependent	Tax dependent	Non-filer / non-dependent
<p>Individual's household is:</p> <ul style="list-style-type: none"> <li>• Tax filer and all persons whom taxpayer expects to claim as a dependent<sup>1,2,3,4</sup></li> </ul>	<p>Individual's household is:</p> <ul style="list-style-type: none"> <li>• The household of the tax filer claiming individual as a dependent<sup>2,3,4</sup></li> </ul> <p>.....</p> <p>EXCEPTIONS (apply the rules for non-filer)</p> <ul style="list-style-type: none"> <li>• Tax dependents not a child of the taxpayer</li> <li>• Children under 19<sup>5</sup> living with both parents not expected to file a joint return</li> <li>• Children under 19<sup>5</sup> claimed as tax dependent by non-custodial parents</li> </ul>	<p>For adults:</p> <ul style="list-style-type: none"> <li>• Household is the individual plus, if living with individual, spouse and children under age 19<sup>3,4,5</sup></li> </ul> <p>For children under age 19<sup>5</sup>:</p> <ul style="list-style-type: none"> <li>• Household is the child plus siblings under 19<sup>5</sup> and parents (including step-parents) living with child<sup>3,4</sup></li> </ul>
<p><sup>1</sup> For married couples filing jointly, each spouse is considered a tax filer</p> <p><sup>2</sup> Married couples living together are always in each other's household regardless of how they file</p>	<p><sup>3</sup> A pregnant woman is counted as herself plus the number of children she is expecting</p> <p><sup>4</sup> For individuals whose household includes a pregnant woman, states can count the pregnant woman as 1,</p>	<p>2, or 1 plus the number of children she is expecting</p> <p><sup>5</sup> States can extend the age limit to include children under 21 who are full-time students.</p>

# Example: Married Couple with Children



## Reyes Family

- Sonia and Gilberto are married with 2 children, Gaby and Marco
- They file a joint return and claim both children as tax dependents

**What are the Medicaid households for this family?**

	Counted in Household				HH Size for Medicaid
	Sonia	Gilberto	Gaby	Marco	
Sonia	✓	✓	✓	✓	4
Gilberto	✓	✓	✓	✓	4
Gaby	✓	✓	✓	✓	4
Marco	✓	✓	✓	✓	4

### Tax Filer

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

# Example: Married Couple with Children



## Reyes Family

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Sonia	✓	✓	✓	✓	4
Gilberto	✓	✓	✓	✓	4
Gaby	✓	✓	✓	✓	4
Marco	✓	✓	✓	✓	4

### Tax Dependent

Household of the tax filer claiming the individual as a dependent

## Example: Three-Generation Household



### Rose, Priya and Anna

- Rose lives with and supports her 60-year-old mother, Priya and 7-year-old daughter, Anna
- Rose is the tax filer and claims Priya and Anna as tax dependents

**What are the Medicaid households for this family?**

	Counted in Household			HH Size for Medicaid
	Rose	Anna	Priya	
Rose	✓	✓	✓	3
Anna	✓	✓	✓	3
Priya			✓	1

### Tax Filer

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

# Example: Three-Generation Household



## Rose, Priya and Anna

- Rose lives with and supports her 60-year-old mother, Priya and 7-year-old daughter, Anna
- Rose is the tax filer and claims Priya and Anna as tax dependents

**What are the Medicaid households for this family?**

	Counted in Household			HH Size for Medicaid
	Rose	Anna	Priya	
Rose	✓	✓	✓	3
Anna	✓	✓	✓	3
Priya			✓	1

### Tax Dependent

Household of the tax filer claiming the individual as a dependent



## Example: Three-Generation Household

### Why is Priya a household of 1 for Medicaid?

	Counted in Household			HH Size for Medicaid
	Rose	Anna	Priya	
Rose	✓	✓	✓	3
Anna	✓	✓	✓	3
Priya			✓	1

#### Non-Filer / Non-Dependent

Adults: Individual plus, if living with individual, spouse and children

Children: Child plus siblings and parents living with child

- She is Rose's tax dependent, but she is not Rose's child or spouse. Therefore, she is treated as a non-filer.
- As a non-filer, Priya's household includes herself and any spouse or children living with her. Rose is her daughter, but she is not considered a child because of her age.

# Example: Non-Married Parents



## Dan, Jen, Drew and Mary

- Dan and Jen live together with their 2 children, Drew and Mary
- Dan and Jen both have income
- For taxes, Dan claims the children, Jen files on her own

**What are the Medicaid households for this family?**

	Counted in Household				HH Size for Medicaid
	Dan	Jen	Drew	Mary	
Dan	✓		✓	✓	3
Jen		✓			1
Drew	✓	✓	✓	✓	4
Mary	✓	✓	✓	✓	4

### Tax Filer

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

# Example: Non-Married Parents



## Dan, Jen, Drew and Mary

- Dan and Jen live together with their 2 children, Drew and Mary
- Dan and Jen both have income
- For taxes, Dan claims the children, Jen files on her own

**What are the Medicaid households for this family?**

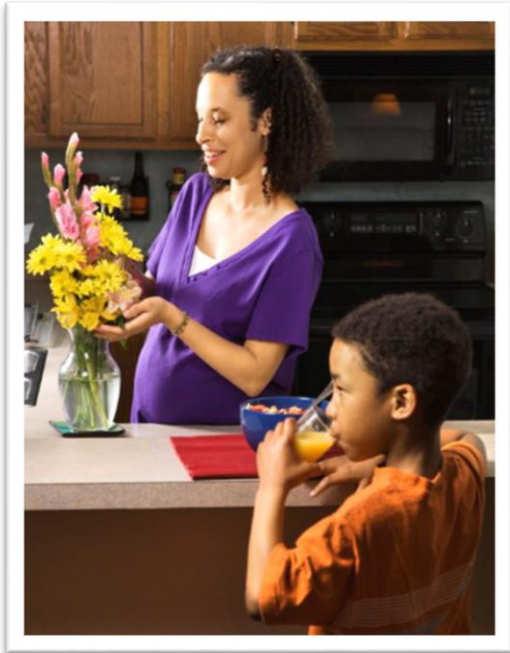
	Counted in Household				HH Size for Medicaid
	Dan	Jen	Drew	Mary	
Dan	✓		✓	✓	3
Jen		✓			1
Drew	✓	✓	✓	✓	4
Mary	✓	✓	✓	✓	4

### Non-Filer / Non-Dependent

Adults: Individual plus, if living with individual, spouse and children

Children: Child plus siblings and parents living with child

# Example: Noncustodial Parent



## Lisa and Jackson

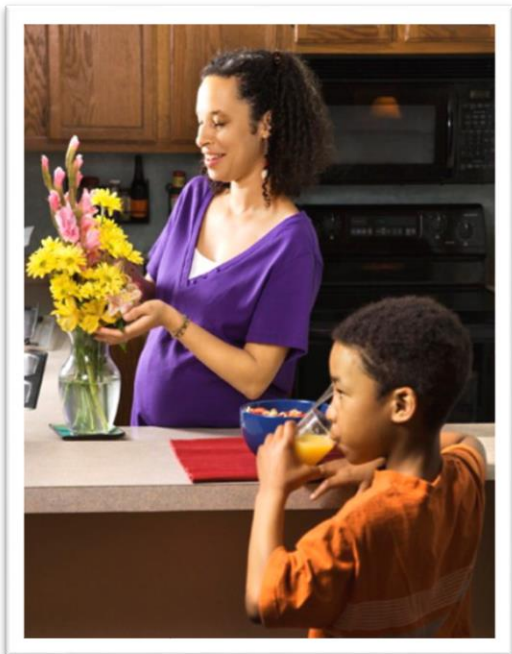
- Lisa lives with her son, Jackson, and files taxes as a single individual
- Noncustodial dad, David, claims son

**What are the Medicaid households for this family?**

	Counted in Household			HH Size for Medicaid
	Lisa	Jackson	David	
Lisa	✓			1
Jackson	✓	✓		2
David		✓	✓	2

### Tax Filer

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



## Lisa and Jackson

- Lisa lives with her son, Jackson, and files taxes as a single individual
- Noncustodial dad, David, claims son

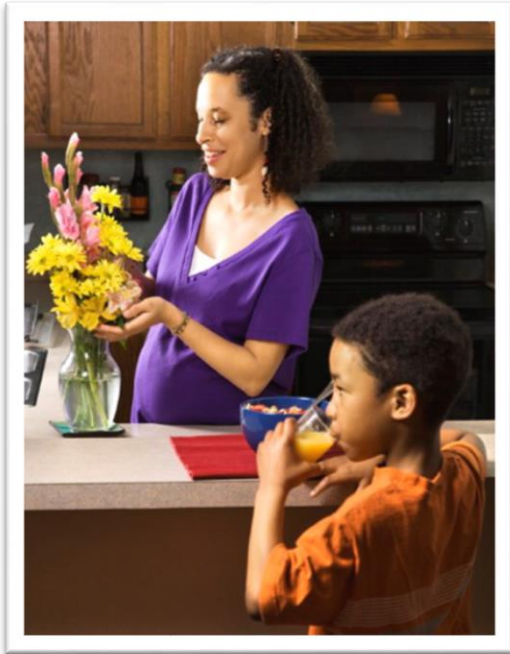
**What are the Medicaid households for this family?**

	Counted in Household			HH Size for Medicaid
	Lisa	Jackson	David	
Lisa	✓			1
Jackson	✓	✓		2
David		✓	✓	2

### Non-Filer / Non-Dependent

Adults: Individual plus, if living with individual, spouse and children

Children: Child plus siblings and parents living with child



## Lisa and Jackson

- Lisa lives with her son, Jackson, and files taxes as a single individual
- Noncustodial dad, David, claims son

**What are the Medicaid households for this family?**

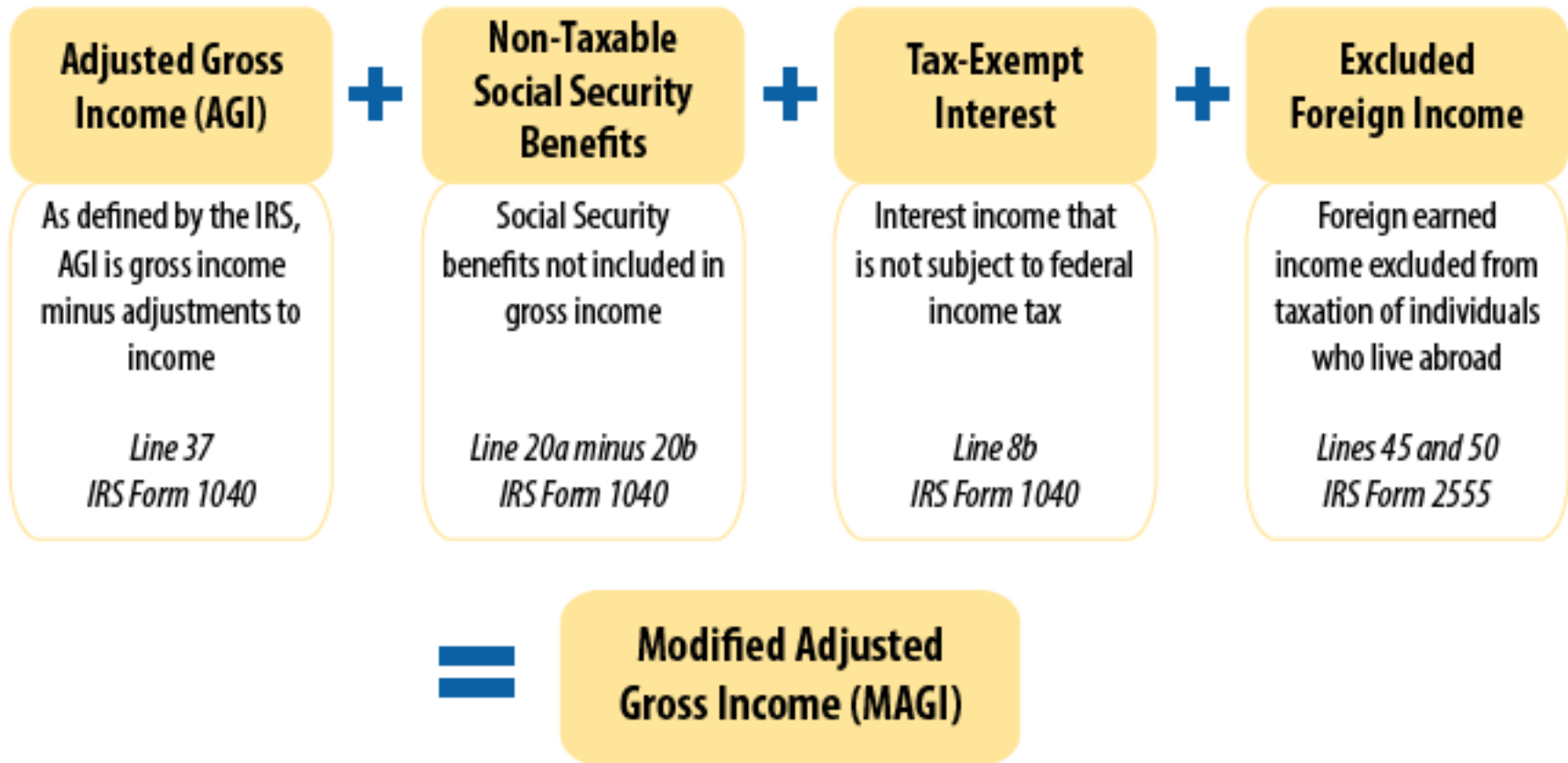
	Counted in Household			HH Size for Medicaid
	Lisa	Jackson	David	
Lisa	✓			1
Jackson	✓	✓		2
David		✓	✓	2

### Tax Filer

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

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# What Counts as Income for PTCs and Medicaid





- Income can come in the form of money, goods, or services
- Cash income is taxable and included in MAGI even if:
  - “I haven’t declared it in the past”
  - It’s “on the side”
  - It’s not my main job
  - I only perform the service seasonally or occasionally



- All income is taxable unless specifically excluded by law from taxation
- Pre-tax deductions are not included in MAGI
- Social security (including survivors benefits and disability insurance) are generally not taxable but are included in the MAGI of a person with a tax filing requirement.

Examples of Taxable Income	Examples of Non-Taxable Income
Wages, salaries, bonuses	AFDC payments
Alimony received	Child support payments
Self-employment income	Sickness and injury payments
Tips and gratuities	Supplemental Security Income (SSI)
Farm income	Veteran's benefits
Rent income	Worker's compensation

See IRS Publications 17 and 525 for more details on what income is taxable and not taxable



## ASSISTERS TIP

**When in doubt, leave it out!**

Some adjustments, like alimony paid or contributions to a traditional IRA, may be safe adjustments if those items were properly claimed in the past. Others, such as work-related moving expenses, are not as easy to predict. Unless a taxpayer is very confident he or she will have such a deduction, consider not projecting adjustments. By not factoring in adjustments, the taxpayer will slightly over-estimate income; while this results in a lower advance credit, it also provides a margin for error in the income projection.



George is a self-employed carpenter and hasn't filed taxes in a while because it seems complicated and he can't afford an accountant.

## Advice for estimating George's income for 2015:

- Does he have regular monthly income?
- If no regular income, what jobs are lined up for the year?
- If no good 2015 estimate, consider adding or subtracting from 2014 income.
- Make estimates by job or by month (using receipts, invoices, bank records, etc.)

## Advice for estimating George's expenses for 2015:

- Does he have regular monthly expenses?
- What large expenses does he anticipate?
- What were his expenses in 2014?
- Use receipts, credit card/debit card records, known costs of supplies

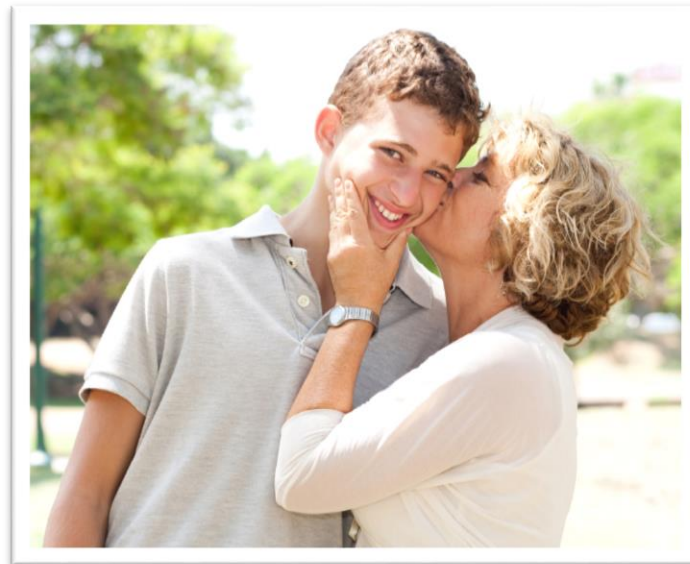
## Types of expenses that may be deductible:

- Advertising
- Commissions
- Contract labor
- Legal or professional fees
- Office supplies
- Rent/lease/repair of equipment
- Business meals and entertainment
- Telephone & utilities
- Business mileage or transportation expenses

- Household's MAGI = MAGI of tax filer and all tax dependents who are *required* to file a tax return
- In general, a single dependent under age 65 has a filing requirement if (2014 figures):
  - Unearned income of >\$1,000, OR
  - Earned income of >\$6,200, OR
  - Taxable gross income was more than the larger of: \$1,000 or earned income (up to \$5,850) plus \$350.
- In making this determination, Supplemental Security Income (SSI) and non-taxable Social Security benefits are not counted.
- After determining that the dependent has a tax filing requirement, both taxable and non-taxable Social Security (but not SSI) count towards a household's MAGI

## Example: Single Adult with Dependent

- Jill lives with Ryan, her 14-year-old grandson, and claims him as a tax dependent.
  - \$18,000 – Jill’s income
  - \$7,000 – Ryan’s income from Social Security survivors’ benefits
- Ryan does not have a tax filing requirement so his income is not counted.
- Even if Ryan’s Social Security benefits are paid to Jill on his behalf, the benefits are Ryan’s income.



Jill and Ryan’s household income for premium tax credits is \$18,000

## Example: Single Adult with Dependent

- Jill lives with Ryan, her 14-year-old grandson, and claims him as a tax dependent.
  - \$18,000 – Jill's income
  - \$7,000 – Ryan's income from a part-time job
- Ryan's income is above the tax filing threshold for a dependent, so his income is counted towards the household's MAGI.



Jill and Ryan's household income for premium tax credits is \$25,000

## Example: Single Adult with Dependent

- Jill lives with Ryan, her 14-year-old grandson, and claims him as a tax dependent.
  - \$18,000 – Jill's income
  - \$7,000 – Ryan's income from a part-time job
  - \$7,000 – Ryan's income from Social Security survivor's benefits
- Ryan's income is above the tax filing threshold for a dependent, so his income (including Social Security) is counted towards the household's MAGI.



Jill and Ryan's household income for premium tax credits is \$32,000



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# How Marketplaces and Medicaid Combine Household and Income Rules to Determine Eligibility



## Rose, Priya and Anna

- Rose lives with and supports her 60-year-old mother, Priya and 7-year-old daughter, Anna
- Rose's annual income is \$35,000
- Priya makes \$3,000 doing odd jobs
- Rose is the tax filer and claims Priya and Anna as tax dependents.

## How does eligibility for Rose, Anna and Priya work?

	Medicaid			Premium Tax Credits			Outcome
	HH	Income	FPL	HH	Income	FPL	
Rose	3	\$35,000	176%	3	\$35,000	176%	PTCs
Anna	3	\$35,000	176%	3	\$35,000	176%	Medicaid/CHIP
Priya	1	\$3,000	26%	3	\$35,000	176%	Medicaid

## Example: Non-Married Parents

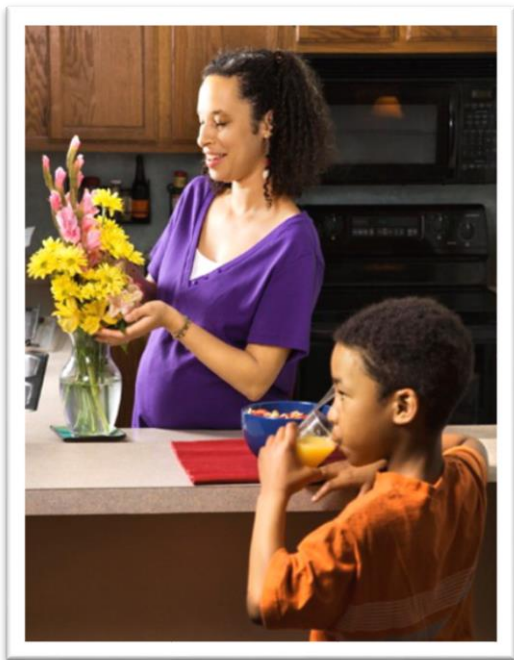


### Dan, Jen, Drew and Mary

- Dan and Jen live together with their children, Drew and Mary
- Dan's income is \$26,000
- Jen's income is \$18,000
- For taxes, Dan files as Head of Household and claims the children, Jen files as Single

### How does eligibility for Dan, Jen, Drew and Mary work?

	Medicaid			Premium Tax Credits			Outcome
	HH	Income	FPL	HH	Income	FPL	
Dan	3	\$26,000	131%	3	\$26,000	131%	Medicaid
Jen	1	\$18,000	154%	1	\$18,000	154%	PTCs
Drew	4	\$44,000	184%	3	\$26,000	131%	Medicaid/CHIP
Mary	4	\$44,000	184%	3	\$26,000	131%	Medicaid/CHIP



## Lisa, Jackson, and David

- Lisa lives with her son, Jackson. She is divorced from Jackson's dad, David.
- As part of their divorce agreement, Lisa and David alternate claiming of Jackson as a dependent on their tax return.
- Family's financial situation:
  - \$20,000 – Lisa's salary
  - \$10,000 – Child support received by Lisa (not counted)
  - \$40,000 – David's salary

**How does eligibility for Lisa, Jackson and David work?**

# Example: Divorced Parents Who Alternate Claiming of Child

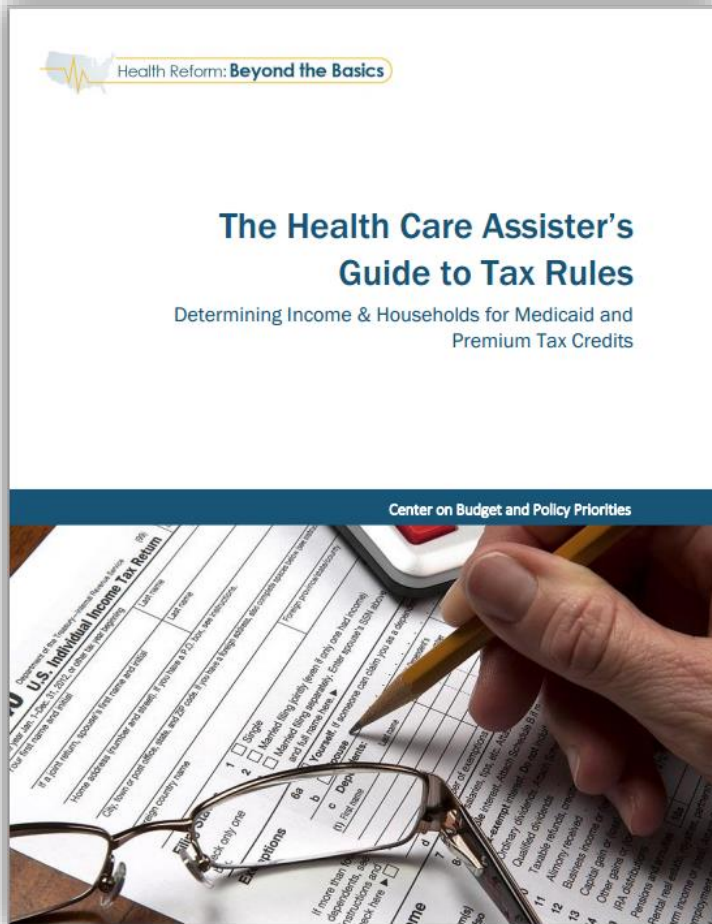
## How does eligibility for Lisa, Jackson and David work?

In years that David claims Jackson:

	Medicaid			Premium Tax Credits			Outcome
	HH	Income	FPL	HH	Income	FPL	
Lisa	1	\$20,000	171%	1	\$20,000	171%	PTCs with CSR
Jackson	2	\$20,000	127%	2	\$40,000	254%	Medicaid
David	2	\$40,000	254%	2	\$40,000	254%	PTCs

In years that Lisa claims Jackson:

	Medicaid			Premium Tax Credits			Outcome
	HH	Income	FPL	HH	Income	FPL	
Lisa	2	\$20,000	127%	2	\$20,000	127%	Medicaid
Jackson	2	\$20,000	127%	2	\$20,000	127%	Medicaid
David	1	\$40,000	343%	1	\$40,000	343%	PTCs



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