Part I:
Determining Households & Income
Coverage Year 2021
September 15, 2020

Presented by the Center on Budget and Policy Priorities
Shelby Gonzales, Director of Immigration Policy
Tara Straw, Senior Policy Analyst
Upcoming Webinars

Part II: Premium Tax Credits
• Tuesday, September 22 | 2 pm ET (11 am PT)

Part III: Immigrant Eligibility for Health Coverage Programs
• Thursday, September 24 | 2 pm ET (11 am PT)

Part IV: Preventing & Resolving Data-Matching Issues
• Tuesday, September 29 | 2 pm ET (11 am PT)

Part V: Plan Design
• Thursday, October 1 | 2 pm ET (11 am PT)

Register for upcoming webinars at
www.healthreformbeyondthebasics.org/events
Webinar Logistics

• All attendees are muted and in listen-only mode

• To ask a question:
  – Click on the Q&A icon in the control panel at the bottom of your webinar screen
  – Type your question into the box

• We will monitor questions and pause to answer a few during the presentation

• You can also email questions to beyondthebasics@cbpp.org

• All webinars are recorded and will be available for viewing at www.healthreformbeyondthebasics.org
Why Household Size and Income Matter
Why Household Size and Composition Matter

The federal poverty line (FPL) calculation requires...

• Number of individuals in a household
• Income of household members

...to determine premium tax credit and cost-sharing reduction eligibility

<table>
<thead>
<tr>
<th>Household Size</th>
<th>2020 Federal Poverty Line (for 2021 coverage)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>1</td>
<td>$12,760</td>
</tr>
<tr>
<td>2</td>
<td>$17,240</td>
</tr>
<tr>
<td>3</td>
<td>$21,720</td>
</tr>
<tr>
<td>4</td>
<td>$26,200</td>
</tr>
<tr>
<td>5</td>
<td>$30,680</td>
</tr>
</tbody>
</table>

Note: 2020 federal poverty guidelines are used to determine eligibility for 2021 coverage.
## Expected Contributions at Certain Income Levels (2021)

<table>
<thead>
<tr>
<th>Annual Household Income</th>
<th>Expected Premium Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of FPL</td>
<td>Income Amount (For HH of 1 using 2020 FPL)</td>
</tr>
<tr>
<td>&lt; 133%&lt;sup&gt;1&lt;/sup&gt;</td>
<td>&lt;$16,970</td>
</tr>
<tr>
<td>133%&lt;sup&gt;1&lt;/sup&gt;</td>
<td>$16,970</td>
</tr>
<tr>
<td>138%&lt;sup&gt;1&lt;/sup&gt;</td>
<td>$17,608</td>
</tr>
<tr>
<td>150%</td>
<td>$19,140</td>
</tr>
<tr>
<td>200%</td>
<td>$25,520</td>
</tr>
<tr>
<td>250%</td>
<td>$31,900</td>
</tr>
<tr>
<td>300%</td>
<td>$38,280</td>
</tr>
<tr>
<td>350%</td>
<td>$44,660</td>
</tr>
<tr>
<td>400%</td>
<td>$51,040</td>
</tr>
<tr>
<td>&gt; 400%</td>
<td>&gt; $51,040</td>
</tr>
</tbody>
</table>

<sup>1</sup> Individuals with income <138% FPL who are eligible for Medicaid are ineligible for PTC.

### Note:
2020 federal poverty guidelines are used to determine eligibility for 2021 coverage.
Beyond the Basics resource includes:

- Annually updated FPL levels for current and prior year
- Expected premium contributions
- Employer coverage affordability threshold
- Out-of-pocket maximums, including for CSR plans
- Tax filing thresholds
- Repayment caps for APTC
Why Tax Filing Status Matters
Tax Filing Status

Single
Is unmarried, or legally separated or divorced (as defined by state law)

Married Filing Jointly
A person is legally married, whether living with or apart from his or her spouse, and files taxes together with his or her spouse

Married Filing Separately
A person is legally married, whether living with or apart from his or her spouse, and files taxes separately from his or her spouse

Head of Household
A person is unmarried or considered 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

Qualifying Widow(er) with dependent child
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
Marital Status and Premium Tax Credits

• In general, a person who is married must file jointly with their spouse to be eligible for PTC

• **Three exceptions** to the joint filing requirement
  → Head of Household
    ▪ Questions will walk the applicant through the tax test for head of household, without requiring a work around in most cases.
  → Domestic abuse
  → Abandoned spouse

• Be aware that many married immigrants who file Form 1040-NR cannot file jointly and therefore may not be eligible for PTC

*Note:* 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 or eligible to purchase health insurance in the Marketplace at full cost (without PTC)
Exceptions to the Joint Filing Requirement for PTC

Head of Household

• A married person can claim to be unmarried on the application if they qualify to file as Head of Household.

When can a married person file as Head of Household?

<table>
<thead>
<tr>
<th>Question</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>□ Will you file taxes separately from your spouse?</td>
<td></td>
</tr>
<tr>
<td>□ Will you live apart from your spouse from July 1 to Dec 31?</td>
<td></td>
</tr>
<tr>
<td>□ Will you pay more than half of the cost of keeping up your home?</td>
<td></td>
</tr>
<tr>
<td>□ Is yours the main home of your child, stepchild, or foster child (of any age) for more than half the year?</td>
<td></td>
</tr>
<tr>
<td>□ Are you eligible to claim the child as a dependent? (You meet this test if you are eligible to claim the child but the child is instead claimed by a noncustodial parent.)</td>
<td></td>
</tr>
</tbody>
</table>

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

Note: A special rule allows the resident spouse of a nonresident (as defined for tax purposes) to qualify as considered unmarried if they have a qualifying person and meet the other tests.
New Head of Household Questions

Tax relationships

Now, tell us about the household’s federal income tax returns. We’ll use this information to see who’s eligible for savings, like premium tax credits.

Jane’s tax relationships

Will Jane file a 2020 joint federal income tax return with John?
Learn more about joint tax filing.

☐ Yes
☒ No

Filing taxes separately?

If these spouses plan to file separate tax returns for 2020, they won’t be eligible to get premium tax credits or other savings, unless they meet certain exceptions. But, they can still get free or low-cost health coverage if they qualify for Medicaid or the Children’s Health Insurance Program (CHIP).

Learn more about filing taxes separately.

Will Jane file a 2020 federal income tax return?
Learn more about tax filing.

☐ Yes
☑ Yes
☐ No

Will Jane claim any dependents on their 2020 federal tax return?
Learn more about dependents.

☑ Yes
☐ No

Who will Jane claim as a dependent on their 2020 federal tax return?

☒ Child

Where does everyone live?

Do all of these people live together at this address?

Jane
Child
John

123 Main St
Chicago, IL 60608

☐ Yes
☒ No

Select everyone who lives at this address with Jane.

☒ Child
☐ John
☐ None of these people

Review everyone’s address

Jane and Child’s home address:

123 Main St
Chicago, IL 60608

John’s home address:

456 Central Ln
Chicago, IL 60608

Head of household

Will Jane file as Head of Household on their 2020 federal income tax return?
Learn who’s a Head of Household.

☑ Yes
☐ No
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?
- Will you live apart from your spouse from July 1 to Dec 31?
- Will you pay more than half of the cost of keeping up your home?
- Is yours the main home of your child, stepchild, or foster child (of any age) for more than half the year?
- Are you eligible to claim the child as a dependent? (You meet this test if you are eligible to claim the child but the child is instead claimed by a noncustodial parent.)

Marisa and Amelie

- Marisa lives separately from her husband but is not yet divorced. They will not file taxes together or live together at any point in 2021.
- Amelie is Marisa’s teenage daughter. Amelie lives with Marisa during the school year and with her father during the summer.

Does Marisa qualify to file as Head of Household?

**YES**, Marisa qualifies to file as Head of Household because she is considered unmarried by the IRS.

Even if Marisa indicates that she’s married and not filing taxes with her spouse, she should be determined eligible for PTC (assuming all other requirements are met).
Exceptions to the Joint Filing Requirement for PTC

A married person can claim to be unmarried* on the marketplace application under either of these circumstances:

* Workaround still needed

**Domestic abuse**
- A taxpayer who is Married Filing Separately meets joint filing requirement if they:
  - Live apart from their spouse
  - Unable to file a joint return because of domestic abuse

**Abandoned spouses**
- A taxpayer who is Married Filing Separately meets joint filing requirement if they:
  - Live apart from their spouse
  - Unable to locate spouse after using reasonable diligence

Learn more about marital status

Find this person's situation to see how to answer this question:

- **Is legally married.** Select “Married.”
- **Is separated, but not divorced.** Select “Married.”
- **Lives with their partner, but isn’t legally married.** Select “Single.”
- **Is a victim of domestic violence or spousal abandonment.** Spousal abandonment means this person can’t locate their spouse after making a reasonable attempt to find them, also known as desertion. Select “Single.”
- **Is widowed.** Select “Single.”

Note: These exceptions can be used by people filing as “Married Filing Separately” for a maximum of three consecutive years
Determining Households for Premium Tax Credits
Households for Premium Tax Credits

**Household:** An individual’s tax unit

- Includes all individuals on a taxpayer’s return
  - Self and spouse
  - Tax dependents

- A household includes all individuals in the tax unit even if they are ineligible for a premium tax credit or have another source of insurance coverage

**Note:** Household size is based on expected tax filing status for the taxable year in which premium tax 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

For more information, see the Health Reform: Beyond the Basics Determining Household Size for Premium Tax Credits
The parent who claims the child as a tax dependent claims PTC for the child.

**Usually this is the custodial parent:**

- If the custodial parent claims the child on the tax return, the custodial parent can claim PTC for the child.
- This is true even if the noncustodial parent is legally responsible for insuring the child.

**But sometimes a child is claimed by the noncustodial parent:**

- The custodial parent must sign a tax form granting the noncustodial parent the child’s exemption (Form 8332).
- If permitted to claim the child as a tax dependent, the noncustodial parent can claim PTC for the child.
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
- Receive 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 $4,300 in 2020
Example: Can Jane be claimed as a tax dependent?

Jane
- 27 years old
- Lives with parents, rent-free
- Works as an unpaid intern and has no earnings

Can Jane be claimed as a Qualifying Child?

× No

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, rent-free
• Works as an unpaid intern and has no earnings

Can Jane be claimed as a Qualifying Relative?

☑ Yes

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

Cannot be claimed as a Qualifying Child

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

Receive 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 $4,300 in 2020

In general a person can be claimed as a Qualifying Relative if he…
Can Jay be claimed as a tax dependent?

Jay and Kim
- Live together in North Carolina and are not married
- Kim earns $24,000 a year
- Jay is a musician and earns $3,500 a year

Can Jay be claimed as a Qualifying Relative?

- Yes

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
- Receive 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 $4,300 in 2020
Determining Households for MAGI Medicaid
Determining Households for Medicaid

MAGI rules apply to:

- CHILDREN
- PREGNANT WOMEN
- PARENTS / CARETAKER RELATIVES
- ADULTS (mostly in states expanding Medicaid)

Different household and income rules apply to:

- SENIORS (people 65 and over)
- MOST PEOPLE WITH DISABILITIES
Determining Households for Medicaid (MAGI Rules)

Three categories of individuals:

1. Tax filers not claimed as a tax dependent
2. Tax dependents (with 3 exceptions)
3. Non-filers not claimed as a tax dependent

Note:
- Separate determination for each individual
  → Members of a family can have different household sizes
- Based on expected filing status
### Medicaid Household Rules

<table>
<thead>
<tr>
<th><strong>Tax filer not claimed as a dependent</strong></th>
<th><strong>Tax dependent</strong></th>
<th><strong>Non-filer / non-dependent</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual’s household is:</td>
<td>Individual’s household is:</td>
<td>For individuals age 19 and above:</td>
</tr>
<tr>
<td>• Tax filer and all persons whom</td>
<td>• The household of the tax filer claiming individual as a</td>
<td>• Household is the individual plus, if living with individual, spouse and children under age 19³,⁴,⁵</td>
</tr>
<tr>
<td>taxpayer expects to claim as a</td>
<td>dependent⁴</td>
<td></td>
</tr>
<tr>
<td>dependent²,³,⁴</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EXCEPTIONS (apply the rules for non-filer)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Tax dependents not a child of the</td>
<td></td>
<td></td>
</tr>
<tr>
<td>taxpayer</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Individuals under 19⁵ living with</td>
<td></td>
<td></td>
</tr>
<tr>
<td>both parents not expected to file a</td>
<td></td>
<td></td>
</tr>
<tr>
<td>joint return</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Individuals under 19⁵ claimed as</td>
<td></td>
<td></td>
</tr>
<tr>
<td>tax dependent by non-custodial parents</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 For married couples filing jointly, each spouse is considered a tax filer
2 Married couples living together are always in each other’s household regardless of how they file
3 A pregnant woman is counted as herself plus the number of children she is expecting
4 For individuals whose household includes a pregnant woman, states can count the pregnant woman as 1,
5 States can extend the age limit to include individuals under 21 who are full-time students.

For a printable PDF, see Reference Guide: Medicaid Household Rules
Summary of Medicaid Household Rules

**Tax Filer Rules**
- Does the individual expect to file taxes?
  - Yes
  - Does the individual expect to be claimed as a tax dependent by someone?
    - Yes: Household includes the individual, individual's spouse (if living with the individual), all persons the individual expects to claim as a tax dependent, and if pregnant, the number of children individual is expecting
    - No
  - No

**Tax Dependent Rules**
- Does the individual expect to be claimed as a tax dependent?
  - Yes
  - Do any of the following apply?
    - Individual expects to be claimed as a dependent by someone other than a parent
      - OR
      - Individual is a child (under 19) living with both parents, who do not expect to file jointly
        - OR
        - Individual is a child (under 19) who expects to be claimed as a dependent by a non-custodial parent
          - Yes
          - Household is the household of the tax filer claiming the individual as a dependent, plus the individual's spouse (if living with the individual) and if pregnant, the number of children the individual is expecting
          - No
          - No
    - No

**Non-Filer, Non-Dependent Rules**
- Is the individual aged 19 or older?
  - Yes: Household includes the individual, siblings under age 19, parents and children living with the individual, and if pregnant the number of children the individual is expecting
  - No
  - No
  - Yes: Household includes the individual plus the individual's spouse and children under age 19 living with the individual, and if pregnant, the number of children the individual is expecting

For a printable PDF, see Reference Guide: Medicaid Household Rules
Example: Three-Generation Household

Sonya, Kyla and Diane

- Sonya lives with and supports her 60-year-old mother, Diane and 7-year-old daughter, Kyla
- Sonya is the tax filer and claims Diane and Kyla as tax dependents

What are the Medicaid households for this family?

<table>
<thead>
<tr>
<th></th>
<th>Counted in Household</th>
<th>HH Size for Medicaid</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sonya</td>
<td>Kyla</td>
</tr>
<tr>
<td>Sonya</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Kyla</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Diane</td>
<td></td>
<td>✓</td>
</tr>
</tbody>
</table>

MEDICAID HH RULE

TAX FILER
- Tax filer
- Spouse and dependents on the tax return
Example: Three-Generation Household

Sonya, Kyla and Diane

- Sonya lives with and supports her 60-year-old mother, Diane and 7-year-old daughter, Kyla
- Sonya is the tax filer and claims Diane and Kyla as tax dependents

What are the Medicaid households for this family?

<table>
<thead>
<tr>
<th>Counted in Household</th>
<th>HH Size for Medicaid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sonya</td>
<td>Kyla</td>
</tr>
<tr>
<td>Sonya</td>
<td>✓</td>
</tr>
<tr>
<td>Kyla</td>
<td>✓</td>
</tr>
<tr>
<td>Diane</td>
<td>✓</td>
</tr>
</tbody>
</table>

MEDICAID HH RULE

TAX DEPENDENT

- Same household as tax filer claiming individual as dependent
Why is Diane a household of 1 for Medicaid?

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

<table>
<thead>
<tr>
<th>Counted in Household</th>
<th>HH Size for Medicaid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sonya</td>
<td>Kyla</td>
</tr>
<tr>
<td>Sonya</td>
<td>✓</td>
</tr>
<tr>
<td>Kyla</td>
<td>✓</td>
</tr>
<tr>
<td>Diane</td>
<td></td>
</tr>
</tbody>
</table>

MEDICAID HH RULE

NON-FILER
NON-DEPENDENT

If 19 or older:
- Individual
- Spouse and children under age 19 living with individual
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, Jen claims the children, Dan files on his own

What are the Medicaid households for this family?

<table>
<thead>
<tr>
<th></th>
<th>Dan</th>
<th>Jen</th>
<th>Drew</th>
<th>Mary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Counted in Household</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HH Size for Medicaid</td>
<td>1</td>
<td>3</td>
<td>4</td>
<td>4</td>
</tr>
</tbody>
</table>

MEDICAID HH RULE

TAX FILER
- Tax filer
- Spouse and dependents on the tax return
Example: Non-Married Parents

Why are Drew and Mary a household of 4 for Medicaid?

- The children are tax dependents, but they fall under one of the exceptions to the tax dependent rule — they are children living with both parents who are unmarried
- Using the non-filer rule as it applies to individuals under 19, for each child we count their parents and their siblings who are living with them.

<table>
<thead>
<tr>
<th>Counted in Household</th>
<th>HH Size for Medicaid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dan</td>
<td>Jen</td>
</tr>
<tr>
<td>Dan</td>
<td>✓</td>
</tr>
<tr>
<td>Jen</td>
<td>✓</td>
</tr>
<tr>
<td>Drew</td>
<td>✓</td>
</tr>
<tr>
<td>Mary</td>
<td>✓</td>
</tr>
</tbody>
</table>

MEDICAID HH RULE

NON-FILER NON-DEPENDENT

If Under 19:
- Individual
- Siblings, parents, and children living with individual
What Counts as Income for PTC and Medicaid
What Is Modified Adjusted Gross Income (MAGI)?

- **Adjusted Gross Income (AGI)**
  - As defined by the IRS, AGI is gross income minus adjustments to income

- **Non-Taxable Social Security Benefits**
  - Social Security benefits not included in gross income

- **Tax-Exempt Interest**
  - Interest income that is not subject to federal income tax

- **Excluded Foreign Income**
  - Foreign earned income excluded from taxation of individuals who live abroad

\[ \text{Adjusted Gross Income} \ + \ \text{Non-Taxable Social Security Benefits} \ + \ \text{Tax-Exempt Interest} \ + \ \text{Excluded Foreign Income} = \text{Modified Adjusted Gross Income (MAGI)} \]
General Rules About Counting Income

All income is taxable unless specifically excluded by law from taxation

<table>
<thead>
<tr>
<th>Examples of Taxable Income</th>
<th>Examples of Non-Taxable Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages, salaries, bonuses</td>
<td>Veterans’ benefits</td>
</tr>
<tr>
<td>Self-employment income</td>
<td>TANF payments</td>
</tr>
<tr>
<td>Some Social Security benefits*</td>
<td>Child support payments</td>
</tr>
<tr>
<td>Unemployment compensation</td>
<td>Sickness and injury payments</td>
</tr>
<tr>
<td>Most retirement distributions</td>
<td>Supplemental Security Income (SSI)</td>
</tr>
<tr>
<td>Hobby income</td>
<td>Workers’ compensation</td>
</tr>
</tbody>
</table>

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

- **Pre-tax deductions** (such as retirement contributions): Not included in MAGI
- **Social security** (including survivor benefits and SSDI): Even the untaxable portion is included in the MAGI of a person with a tax filing requirement
- **Alimony**: For agreements after January 1, 2019, neither spouse can include alimony on the tax return; under older agreements, couples can choose to adopt this method

For more information, see the Health Reform: Beyond the Basics Health Care Assister Guide to Tax Rules
General Rules About Counting Income

• Income can come in the form of money, goods, or services

• Cash income is taxable and included even if:
  
  “I haven’t declared it in the past”
  
  “It’s on the side”
  
  “It’s not my main job”
  
  “I only work seasonally or occasionally”
### Tips When Dealing with Self-Employment Income

#### Advice for estimating income:
- Does the person have regular monthly income?
- If no regular income, what jobs are lined up for the year?
- If no good projected estimate, consider adding or subtracting from previous year’s income (if available)
- Make estimates by job or by month (using receipts, invoices, bank records, etc.)

#### Advice for estimating expenses:
- Does the person have regular monthly expenses?
- What large expenses does the person anticipate?
- What were the person’s expenses in previous year?
- Use receipts, credit/debit card records, known costs of supplies

### What types of business expenses may be deductible?
- Advertising
- Commissions
- Contract labor
- Legal or professional fees
- Office supplies
- Rent/lease/repair of equipment
- Business meals and entertainment
- Telephone and utilities
- Business mileage or transportation expenses
Self-Employment Income Estimator Tool

- Use [this tool](#) to estimate annual self-employment income.
- Download the PDF and fill it out on your computer so you can email the completed form to your client for their records.
When to Count a Dependent’s Income

Household Income:

- MAGI of tax filer and all dependents who are required to file a tax return
- If the dependent does not have a tax filing requirement, none of their income is included

| A single dependent under age 65 has a tax filing requirement if (in 2020): |
|--------------------------|--------------------------|--------------------------|
| **Unearned income** is more than $1,100 **OR** Earned income is more than $12,400 **OR** Taxable gross income is more than the larger of: $1,100 Earned income (up to $12,050) + $350 |

Note: Supplemental Security Income (SSI) and non-taxable Social Security benefits are not counted in making this determination

- If a dependent has a tax filing requirement, both taxable and non-taxable Social Security (but not SSI) are counted towards the household income
Example: Single Adult with Dependent

Jill and Ryan

• Jill is Ryan’s mother and claims him as a tax dependent
• Jill’s income: $25,000
• Ryan’s income from part-time work: $3,000

Whose income is counted in the household income?

<table>
<thead>
<tr>
<th></th>
<th>Premium Tax Credits</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>HH</td>
<td>Income</td>
<td>FPL</td>
</tr>
<tr>
<td>Jill</td>
<td>2</td>
<td>$25,000</td>
<td>145%</td>
</tr>
<tr>
<td>Ryan</td>
<td>2</td>
<td>$25,000</td>
<td>145%</td>
</tr>
</tbody>
</table>

• Jill’s income is counted
• Ryan’s income is not counted because he doesn’t have a tax filing requirement
How Income Time Periods Differ between Medicaid and Premium Tax Credits
Medicaid
• In general, eligibility is based on current monthly income

Advance Premium Tax Credits
• Eligibility is based on projected annual income for the coverage year and then reconciled based on actual annual income
Example: Single Adult with Fluctuating Income

Carla

- Carla works in retail and lives in Ohio
- In November, she applies for coverage in the Marketplace and provides this income information:
  - November’s income is: $1,370 (129% FPL)
  - Projects 2021 income to be: $17,000 (133% FPL), accounting for fluctuations
- The Marketplace assess her eligible for Medicaid in November and transfers her case to Medicaid in late December
- Medicaid asks Carla to provide most recent pay stubs, which reflect increased hours
- Medicaid is denied and she is sent back to the Marketplace
ACTION NEEDED: Update and resubmit your 2019 Marketplace application

Information on your Marketplace application showed that someone in your household appeared to be eligible for [state Medicaid program] (Medicaid) or [state Children’s Health Insurance Program] (CHIP). However, your state determined that the following people don’t qualify for these programs based on information that could include your household income and family size:

- [Name]

What to do now

Update and resubmit your Marketplace application. The Marketplace will check your information again to see if anyone on your application is eligible to buy a Marketplace plan and get help with costs. If we don’t hear from you, you won’t get health coverage through the Marketplace.

When you update your application, you may answer questions about Medicaid and CHIP eligibility. If you’ve had income or family size changes since you last applied, select answers indicating that no one lost or was denied coverage through [state Medicaid program] (Medicaid) or [state CHIP program] (CHIP), as applicable. This way, you’ll get the most accurate information about your household’s current eligibility for coverage and help with costs. You may be eligible for Medicaid or CHIP now, even if you weren’t when you last applied.

How to resubmit your Marketplace application

If you have a Marketplace account and applied online

2. Select your name in the top right and select “My Applications & Coverage” from the drop-down menu.
3. Open your current Marketplace application under “Your existing applications.”
4. Select “Report a life change” from the menu on the left. Then select the “Report a Life Change” button.
5. Select “Report a change in my household’s income, size, address, or other information,” then continue to review your application and update your information, as needed.
6. Submit your completed Marketplace application.
How Marketplaces and Medicaid Combine Household and Income Rules to Determine Eligibility
Example: Three-Generation Household

Sonya, Kyla and Diane

- Sonya lives with and supports her 60-year-old mother, Diane, and 7-year-old daughter, Kyla
- Sonya’s annual income is $35,000
- Diane makes $3,000 doing odd jobs
- Sonya is the tax filer and claims Diane and Kyla as tax dependents

How does eligibility for this family work?

<table>
<thead>
<tr>
<th>Family</th>
<th>Medicaid</th>
<th>Premium Tax Credits</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>HH</td>
<td>Monthly Income</td>
<td>FPL</td>
</tr>
<tr>
<td>Sonya</td>
<td>3</td>
<td>$2,916</td>
<td>161%</td>
</tr>
<tr>
<td>Kyla</td>
<td>3</td>
<td>$2,916</td>
<td>161%</td>
</tr>
<tr>
<td>Diane</td>
<td>1</td>
<td>$250</td>
<td>24%</td>
</tr>
</tbody>
</table>

PTC
Medicaid/CHIP
Depends on state
Example: Non-Married Parents

Dan, Jen, Drew and Mary

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

How does eligibility for this family work?

<table>
<thead>
<tr>
<th></th>
<th>Medicaid</th>
<th>Premium Tax Credits</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>HH</td>
<td>Monthly Income</td>
<td>FPL</td>
</tr>
<tr>
<td>Dan</td>
<td>1</td>
<td>$1,500</td>
<td>141%</td>
</tr>
<tr>
<td>Jen</td>
<td>3</td>
<td>$2,167</td>
<td>120%</td>
</tr>
<tr>
<td>Drew</td>
<td>4</td>
<td>$3,667</td>
<td>168%</td>
</tr>
<tr>
<td>Mary</td>
<td>4</td>
<td>$3,667</td>
<td>168%</td>
</tr>
</tbody>
</table>
Resources

- Reference Guide: *Yearly Guidelines and Thresholds*
  - [Coverage Year 2021](#) (PDF)

- Reference Guide: *Medicaid Household Rules*

- Guide: *Health Assister’s Guide to Tax Rules*

- Key Facts:
  - [Determining Households for Medicaid and CHIP](#)
  - [Determining Households for PTC](#)
  - [Income Definitions for Marketplace and Medicaid Coverage](#)
Upcoming Webinars

Part II: Premium Tax Credits
• Tuesday, September 22 | 2 pm ET (11 am PT)

Part III: Immigrant Eligibility for Health Coverage Programs
• Thursday, September 24 | 2 pm ET (11 am PT)

Part IV: Preventing & Resolving Data-Matching Issues
• Tuesday, September 29 | 2 pm ET (11 am PT)

Part V: Plan Design
• Thursday, October 1 | 2 pm ET (11 am PT)

Register for upcoming webinars at www.healthreformbeyondthebasics.org/events
Contact Info

• Shelby Gonzales, gonzales@cbpp.org
  → Twitter: @shelbytg74
• Tara Straw, tstraw@cbpp.org
  → Twitter: @TaraStraw
• Inna Rubin, irubin@cbpp.org
• General inquiries: beyondthebasics@cbpp.org

For more information and resources, please visit:
www.healthreformbeyondthebasics.org

This is a project of the Center on Budget and Policy Priorities
www.cbpp.org