



Health Reform: **Beyond the Basics**

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

# Diving Deep on Commonly Encountered Eligibility and Enrollment Issues

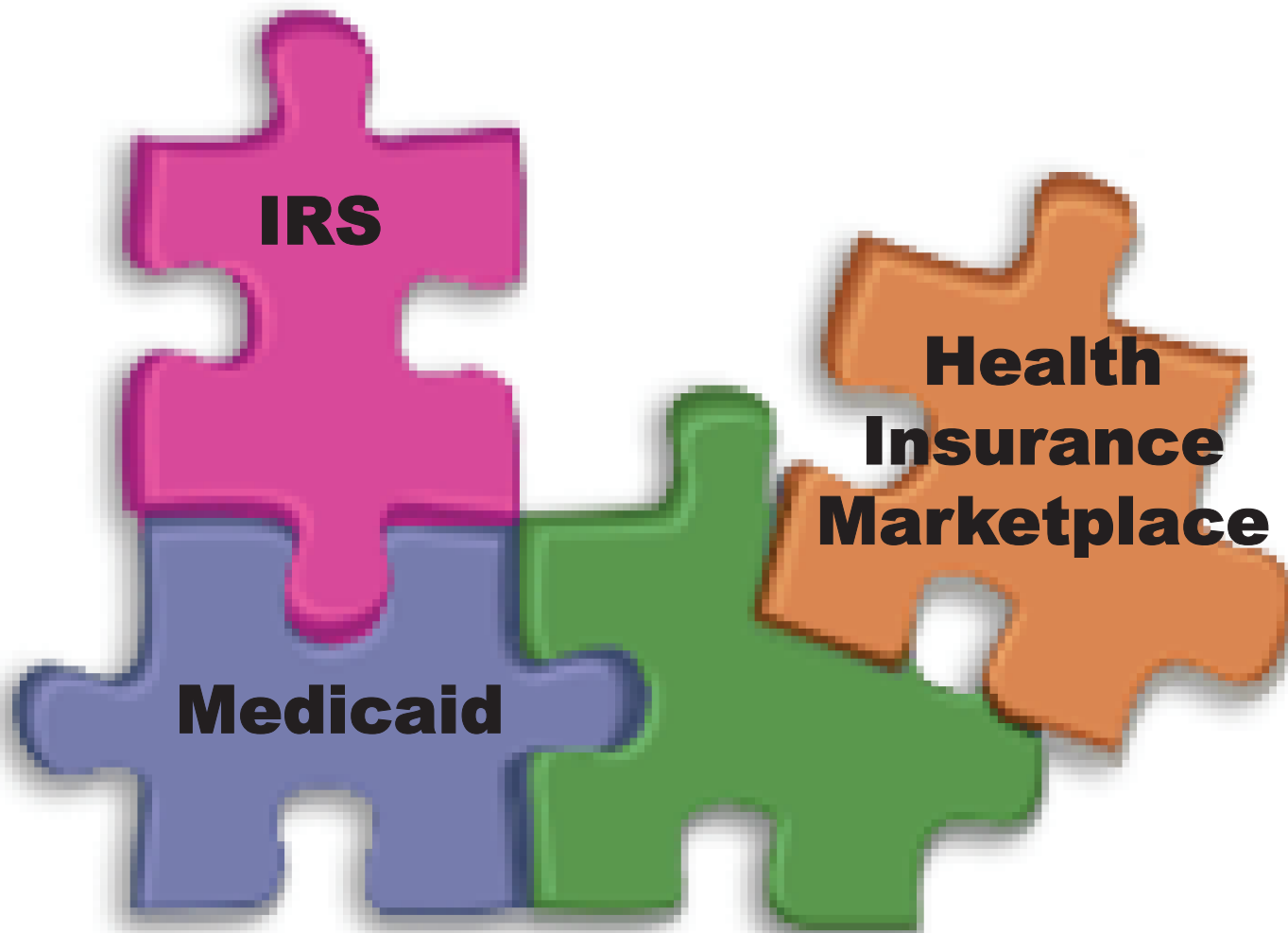
*Center on Budget and Policy Priorities*

February 26, 2014

Section II:

# HEALTH COVERAGE FOR YOUNG ADULTS AND STUDENTS

# Determining Eligibility Requires Piecing Together Different Rules and Requirements



# Mapping Out Different Definitions and Requirements

	Dependent Coverage	Qualifying Child or Relative for Tax	Medicaid Household
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

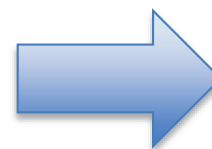


# Who Qualifies as a Coverage Dependent?



## John

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



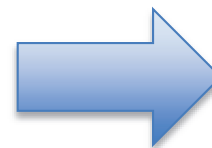
Qualify for Dependent Coverage?

**Yes**



## Jane

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



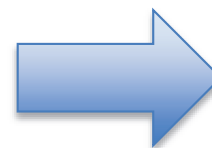
Qualify for Dependent Coverage?

**No**



## Leena

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



Qualify for Dependent Coverage?

**No**

# Dependents for Purposes of Taxes

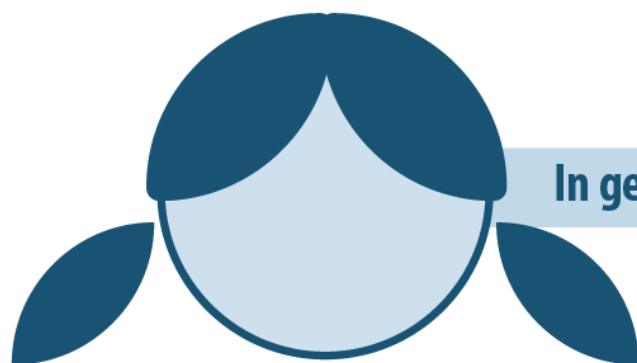
- A tax dependent is a person, other than the tax filer or tax filer's spouse, for whom the tax filer can claim an exemption.
- There are two kinds of tax dependents:
  - Qualifying child
  - Qualifying relative



# 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



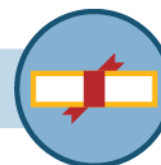
In general qualify if...



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)

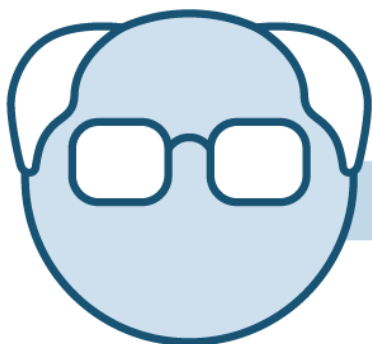


Child doesn't provide more than half of his own support

# 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?

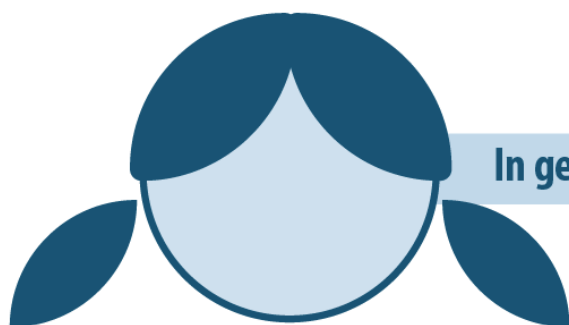


John

- 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?



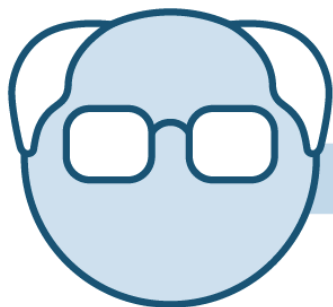
John

- 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?

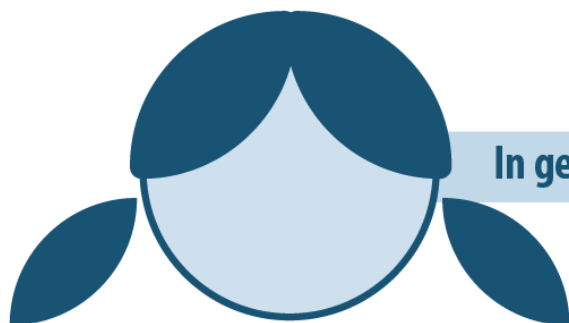


Jane

- 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



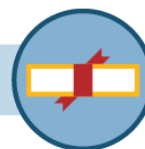
In general qualify if...



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 Jane Be Claimed as a Tax Dependent?



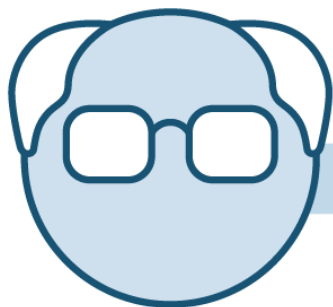
Jane

- 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?



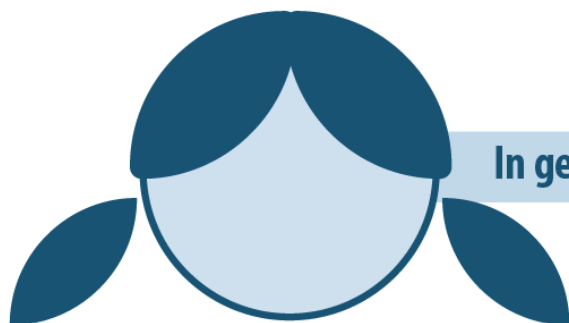
Leena

- 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



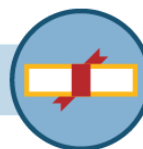
In general qualify if...



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

### Aunt's Coverage

- Leena is not eligible to enroll in her aunt's coverage because her aunt's employer does not offer dependent coverage for non-children.

### Medicaid / Marketplace Coverage

- Leena will be eligible for Medicaid.
- Her aunts' income will be not counted because Leena is a dependent who is not the child of the taxpayer (her 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.



# Contact Information

- Sarah Lueck, [lueck@cbpp.org](mailto:lueck@cbpp.org)
- January Angeles, [angeles@cbpp.org](mailto:angeles@cbpp.org)
- Tara Straw, [tstraw@cbpp.org](mailto:tstraw@cbpp.org)
- Halley Cloud, [cloud@cbpp.org](mailto:cloud@cbpp.org)

For more information and resources, please visit:

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