



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 III:

# REPORTING CHANGES IN CIRCUMSTANCES



# New healthcare.gov functionality

**Report a life change**

What kind of change do you want to make?

- ☐ 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

**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	}	Monthly income @ \$20k \$1,667/mo x 4 = \$6,668
Feb		
Mar		
April		
May	}	Monthly income @ \$30k \$2,500/mo x 8 = \$20,000
June		
July		
Aug		
Sept		
Oct		
Nov		
Dec		

# Changes in income

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  - the new estimate of annual income
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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**



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

## 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.

<u>New CTC calculation</u>	
Income:	8,000
Household:	1
<b>Married Filing Separately</b>	





## 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?

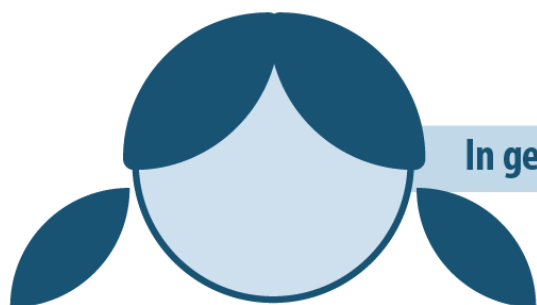
- \$2,500 from a work-study job on campus – YES
- \$5,000 in academic scholarships – NO
- \$2,000 from Katie's parents – NO
- \$3,000 in Stafford loans in Katie's name – NO



# Is Katie a dependent?

## Children

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



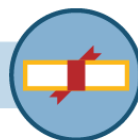
In general qualify if...



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.

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.**



## Is Katie 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?		
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<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....***

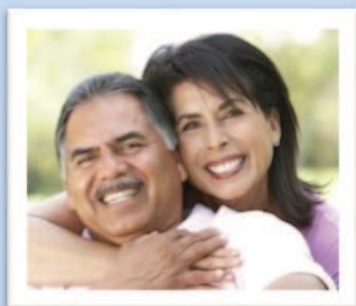
**Katie takes out \$10,000 in loans instead of \$3,000?**

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



# 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.**

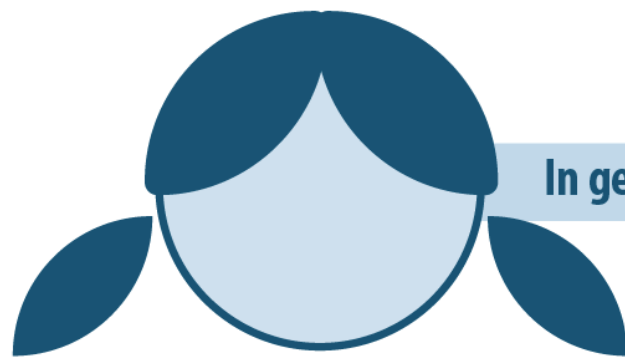


**Surprise!** Katie gets a job starting September 1. It pays \$40k/yr and includes health insurance!

## Is Katie still a dependent?

### Children

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



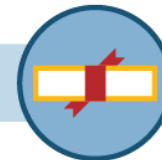
In general qualify if...



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





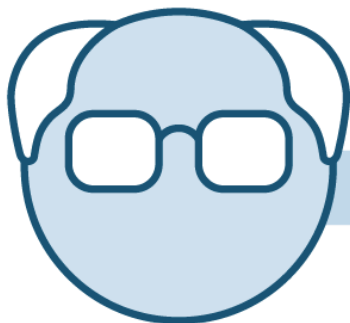


**Surprise!** Katie gets a job starting September 1. It pays \$40k/yr and includes health insurance!

## 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



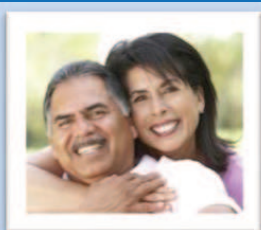
Make less than \$3,950 (in 2014). Generally doesn't include social security





# 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



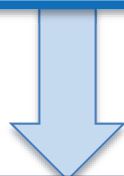
**Katie's parents realize  
she is not a dependent**

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)