

# Reporting Income

## Module 1: Household Size and Types of Income to Include on a Marketplace Application

Let's Get Started

### Who's Eligible?

What counts as income on a Marketplace application?

Should my entire family apply for coverage?

How can I tell if I qualify?

### Objectives:

After completing this module, you should be able to:

- Advise consumers on which household members to include when applying for Marketplace.
- List income types that are counted by the Marketplace application.
- Identify who's counted income must be included on the Marketplace application

Consumers who are applying for financial assistance (i.e., premium tax credits and cost-sharing reductions) on their Marketplace application need to know which family and household members to include, as well as which types of income to report.

The Marketplace calculates a consumer's household income using their modified adjusted gross income (MAGI).

Assister Tip: As an assister, you can help by explaining which household members and types of income to include on a Marketplace application.

## What You Need to Know

Whom to include in your household

What to include as income

Before you get started, let's review an important concept related to household size and income.

### **Whom to include in a Marketplace household**

Consumers applying for financial assistance (i.e., premium tax credits and cost-sharing reductions) must report the income for their entire household. For the Marketplace, a household usually includes the tax filer, their spouse if they have one, and their tax dependents if they have any. Therefore, a consumer's spouse's and tax dependents' income must be included on an application for Marketplace coverage with financial assistance even if they are not applying for health coverage. The Marketplace application will ask about all relevant household members.

Financial assistance is based on expected income for everyone reported as a spouse or dependent on an applicant's federal income tax return (called "tax household"), not just the ones who need coverage. There are a few exceptions to these rules.

For more information visit [HealthCare.gov's Count income & household size – Who to include in your household website.](#)

### **Marketplace vs. Medicaid Household Counting Rules**

Marketplace Household Counting Rules:

Marketplace premium tax credit eligibility is based on tax household size including any tax dependents.

Medicaid Household Counting Rules:

Medicaid and CHIP eligibility rules are usually based on a person's tax household, but in some cases may include certain family members who live together. For more information on Medicaid and CHIP households review the [CMS.gov Income Eligibility Using Modified Adjusted Gross Income \(MAGI\) webinar.](#)

This module focuses on how consumers can correctly report their household size and income for Marketplace coverage with financial assistance.

For more information on how to count income and household members, visit [HealthCare.gov's Count income & household size – What to include as income website.](#)

## What You Need to Do

Here are some real-world scenarios you may encounter when working with consumers.

### **Bisset Family**

Your first appointment of the day is with Kat Bisset. She's married to Phillippe and has a daughter, Megha, who lives with them and who they claim as a dependent. Kat, Phillippe, and Megha all need health coverage, and the family would like to apply for financial assistance.

Kat earns \$13 an hour plus tips at a catering company. She also receives child support from her ex-husband for her daughter, Megha.

Phillippe receives Social Security Disability Insurance (SSDI) but hasn't met the 24-month waiting period before he is automatically entitled to and enrolled in Medicare Part A and B.

Kat is asked "Who needs health coverage?" on her Marketplace application. To answer this question, Kat includes herself, Phillippe, and Megha. If there are other household members who do not need coverage, the Marketplace application will ask for their information later.

For more information on how to count income and household members, visit [the Count income & household size website](#).

Kat also needs to enter income amounts for each tax household member.

Listed below are the sources of income the Bisset family should include on their Marketplace application.

Kat's wages from her catering job - taxable wages from an employer count as income.

Kat's tips from her catering job - tips count as income.

Kat's child support, on the other hand, does not count.

Phillippe's SSDI also counts as income.

Before leaving the appointment, Kat wants to know whether she should keep Phillippe on the marketplace application.

When Phillippe's 24-month waiting period expires and he is entitled to and automatically enrolled in Medicare Parts A and B, Kat should keep him on the Marketplace application.

Since Phillippe is part of Kat's tax household, Kat should keep Phillippe on their Marketplace application so she can receive the right amount of financial assistance. Marketplace premium tax credit eligibility is based on tax household annual income and size. A tax household generally consists of the tax filer, their spouse if they have one, and their tax dependents, including those who don't need coverage.

Kat should change Phillippe's status from a household member who needs coverage to a household member who does not need coverage, unless Phillippe wants to keep his Marketplace coverage. To terminate Phillippe's Marketplace coverage, Kat should contact the Marketplace Call Center before Phillippe's Medicare coverage starts so his Marketplace coverage ends on the desired date.

If Phillippe wants to remain enrolled in his Marketplace coverage, remind him that since he will be automatically enrolled in premium-free Medicare Part A once he has received SSDI for 24 months, he will no longer be eligible to receive financial assistance to pay for his Marketplace plan.

He should report his Medicare enrollment on the application and terminate his financial assistance once his Medicare coverage begins to avoid paying back some or all of his financial assistance when the family files their federal income tax return. For more information on changing from a Marketplace plan to Medicare, visit [the Medicare and the Marketplace – Changing from the Marketplace to Medicare website](#).

### **Thomas and Emma**

Let's meet with your next clients, a couple with questions about reporting their income on a Marketplace application.

Thomas and his wife, Emma, want to apply for Marketplace coverage with financial assistance.

Thomas receives \$540 a month from Supplemental Security Income (SSI) and will receive a lump sum workers' compensation payment of \$12,000 in the year he's applying for coverage. Emma earns \$23,000 per year from employment.

Emma proceeds through her application and enters all of their household income.

Emma wants to know which types of income the Marketplace will count when calculating their eligibility for financial assistance.

Emma's income from her employer will count on their Marketplace application. Consumers should not include SSI payments or workers' compensation when calculating their income.

To learn more about MAGI calculations and reporting income, visit the following HealthCare.gov websites:

- [Count income & household size - What to include as income](#)
- [Count income & household size - How to estimate your expected income](#)

Consumers might also ask you whether they should report income earned by their children on a Marketplace application. Let's review another scenario.

### **Natasha**

You're helping Natasha complete her application for Marketplace coverage with financial assistance.

Natasha is self-employed and projects that her net income will be \$40,000 in the year she's applying for coverage. Her son, Nathan, and her daughter, Penelope, each earn income and want to apply for Marketplace coverage with financial assistance.

Nathan, Natasha's 15-year-old son whom she claims as a dependent, is employed part-time at a local swim club in the summer and earns \$3,500 per year. He is not required to file taxes because his income doesn't meet the tax-filing threshold for dependents, but he chooses to do so each year and sometimes receives a tax refund.

Natasha provides income information for both Nathan and herself in the income section of the Marketplace application.

It's important to include the income of tax dependents on the application. However, the Marketplace only counts tax dependents' income if they're required to file a federal income tax return according to IRS rules. Even if they file a federal income tax return when they don't have to (e.g., to get a tax refund), their income won't be counted on their Marketplace application. For more information about tax filing requirements for dependents, visit [the IRS.gov resource Publication 501 – Dependents, Standard Deduction and Filing Information](#).

Next, let's review Penelope's tax relationship to Natasha.

### **Penelope and Natasha**

Penelope, Natasha's 28-year-old daughter, recently moved back home and is working full time. She does not have health insurance and wants to enroll in Marketplace coverage.

Penelope files her own federal income tax return; Natasha has not claimed Penelope as a dependent for the past four years and will not claim her as a dependent for the upcoming coverage year.

Since Natasha does not claim Penelope as a tax dependent for the upcoming coverage year and she wants to apply for financial assistance, Penelope should submit her own separate Marketplace application.

Visit the [Count income & household size – Who to include in your household website for more information about tax filing requirements](#).

Natasha completes the income section of the Marketplace application with both Nathan's and her income.

### **Pierce Family**

Your last appointment for the day is with a married couple who needs help determining who to include on their Marketplace application.

In most cases, married couples must file taxes jointly to be eligible for financial assistance. However, this appointment will illustrate an exception.

Liam and Amelia Pierce are legally married but have lived in different states for the past few years due to work. They file their taxes separately.

Liam lives with and takes care of their 12-year-old daughter, Ava, and plans to claim her as a tax dependent. Since Amelia will not live in Liam's home for more than six months of the year in which he's applying for coverage, Liam will be eligible to use the Head of Household filing status. He therefore does not need to file taxes jointly with Amelia to be eligible for Marketplace coverage with financial assistance.

The Pierce family wants to enroll in Marketplace coverage with financial assistance.

Since Liam and Amelia are filing taxes separately and are therefore in separate tax households, they must submit two separate applications so they can each receive an eligibility determination for financial assistance: one for Liam and Ava, and one for Amelia. Since Ava is Liam's tax dependent, she should be included as part of his tax household on his application.

The Pierce family would like to complete Liam's Marketplace application first.

After discussing it with you, Liam is pretty sure he should only include himself and their daughter, Ava, as individuals who need coverage on his Marketplace application.

Liam is correct. He should include himself and Ava on his Marketplace application when asked who needs coverage since they are part of the same tax household and both want health coverage.

Liam should not include Amelia as someone who needs coverage since she is part of a separate tax household and should therefore complete a separate application. However, the application may ask some questions about Amelia, and Amelia will be listed as a non-applicant since Liam and Amelia are legally married.

On her application, Amelia should only add herself when asked who needs coverage since she is the only member of her tax household. The application may ask some questions about Liam, and he will be listed as a non-applicant since Amelia and Liam are legally married, but Amelia should not include Liam or Ava as people who need coverage.

For more information visit the [Count income & household size – Who to include in your household website](#).

After creating his Marketplace account and entering his family and household information, Liam navigates to the "Who needs health coverage?" screen and adds Ava's information. Both Liam and Ava are now listed as individuals who need coverage.

Next, Liam provides information about his marital status.

The following screen asks Liam about his tax relationships. He will complete the "Tax Relationships" screen by answering a variety of tax related questions.

Liam indicates that he will not file a joint federal income tax return with Amelia. He will however be filing a federal income tax return for himself and will claim Ava as a dependent.

The Marketplace will ask Liam to confirm everyone's place of residence.

He should then select the option next to Ava to indicate that only he and Ava live at this address.

On that screen, Liam needs to enter and confirm Amelia's address. Once Liam selects Save & continue, he must then review and confirm everyone's address is correct.

Liam selects the Save & continue option.

Now, the "Head of Household" screen displays since Liam indicated he is living separately from his spouse and has a tax dependent he lives with and takes care of.

He should select Yes and then the Save & continue.

Great job helping Liam indicate he will use the Head of Household tax filing status! He can now complete, sign, and submit his application to find out whether he is eligible for Marketplace coverage with financial assistance.

Amelia will also need to submit a Marketplace application. She will answer the same series of questions except she will not use the Head of Household tax filing status on her income tax

return. Liam will appear on Amelia's application as a non-applicant since they're married. Because Amelia's tax filing status will be "married filing separately" she can enroll in a Marketplace plan but will not be eligible for any financial assistance.

Good job on those scenarios!

Continue to the Wrap Up section.

## Wrap Up

Congratulations! You have completed Household Size and Types of Income to Include on a Marketplace Application

You did a great job working through each of these scenarios to determine consumers' household sizes, as well as which types of income they should include on a Marketplace application.

To learn more about this topic, refer to:

- [Income Eligibility Using MAGI Rules](#)
- [APTC and CSR Basics](#)
- [IRS Tax Filing Requirements](#)
- [Serving Individuals with Disabilities](#)
- [How to Count Income and Household Members](#)