

Reporting Income: Household Size and Types of Income to Include on a Marketplace Application

Microlearning Transcript



Household Size and Types of Income to Include on a Marketplace Application

Let's Get Started

Who's Eligible?

Should my entire family apply for coverage?

What counts as income on a Marketplace application?

How can I tell if I qualify?

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 they should report.

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

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

In this module, you will help four groups of consumers determine which household members and types of income to include on their Marketplace applications.

What You Need to Know

Who 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.

Did you know?

Generally, consumers who are applying for financial assistance (i.e., premium tax credits and cost-sharing reductions) should include their spouse and tax dependents even if they don't need health coverage. The Marketplace application will ask about all relevant household members.

Tell me more!

Financial assistance is based on expected income for everyone reported as a spouse or dependent on an applicant's federal income tax return (called the applicant's "tax household"), not just the ones who need coverage. There are a few limited exceptions to these basic rules. For more information, visit [HealthCare.gov/income-and-household-information/household-size](https://www.healthcare.gov/income-and-household-information/household-size).

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

Marketplace premium tax credit eligibility rules are based only on tax household income and tax household size, including any tax dependents.

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 [Income Eligibility Using Modified Adjusted Gross Income \(MAGI\)](#).

You can find more information on how to count income and which household members to include at [HealthCare.gov/income-and-household-information](#).

What You Need to Do

Your first appointment of the day is with Kat Bisset. She's married to Phillippe and has a daughter, Megha, 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. Megha lives with Kat and Phillippe.

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 Parts A and B.

Who should Kat indicate needs health coverage when answering the "Who needs health coverage?" question on the application?

Select the appropriate individuals and then select the Save & continue button.

Correct answer: Selecting Kat, Phillippe, Megha

Kat should include herself, Phillippe, and Megha when answering the "Who needs health coverage?" question on her Marketplace application, since they all need health coverage. If there are other household members who do not need coverage, the Marketplace application will ask for their information later, if necessary. For more information about who to include in a household, visit [HealthCare.gov/income-and-household-information/household-size](#).

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

Which sources of income should the Bisset family include on their Marketplace application?

Kat's wages from her catering job?

Yes, taxable wages from an employer count as income, and Kat should report them on the Marketplace application.

Kat's tips from her catering job?

Yes, tips count as income, and Kat should report them on the Marketplace application.

Kat's child support?

No, child support does not count as income, and Kat does not have to report it on the Marketplace application.

Phillippe's SSDI?

Yes, SSDI does count as income, and Kat should report any payments Phillippe received on the Marketplace application.

Assister Tip: For more information about what to include as income, visit [HealthCare.gov/income-and-household-information/income](https://www.healthcare.gov/income-and-household-information/income).

Before leaving the appointment, Kat has one more question.

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

Yes! 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 rules are based on tax household annual income and tax household 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, you should advise Kat to 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 not be eligible to receive financial assistance to pay for his Marketplace plan. He should also report his Medicare enrollment on the application and terminate his financial assistance once his Medicare enrollment begins to avoid paying back some or all of it when the family files their federal income tax return. For more information on changing from a Marketplace plan to Medicare, visit [HealthCare.gov/medicare/changing-from-marketplace-to-medicare](https://www.healthcare.gov/medicare/changing-from-marketplace-to-medicare).

Good job on that scenario!

Let's meet with your next clients, a couple who has 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.

Select all that apply.

- A. SSI
- B. Employment income
- C. Workers' compensation

D. All of the above

Correct answer: B

Emma's income from her employer is the only income type that 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 reportable income, visit [Marketplace.cms.gov/technical-assistance-resources/income-eligibility-using-magi-rules.pdf](https://www.marketplace.cms.gov/technical-assistance-resources/income-eligibility-using-magi-rules.pdf).

For more information about consumers with disabilities, visit [Marketplace.cms.gov/technical-assistance-resources/consumers-with-disabilities.pdf](https://www.marketplace.cms.gov/technical-assistance-resources/consumers-with-disabilities.pdf).

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

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 additional income. They also want to apply for Marketplace coverage with financial assistance.

Let's start with Nathan.

Nathan, Natasha's 15-year-old son who 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.

Will the Marketplace count Nathan's income when determining the household's eligibility for financial assistance?

Yes or No?

Correct answer is No. 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 [IRS.gov/pub/irs-pdf/p501.pdf](https://www.irs.gov/pub/irs-pdf/p501.pdf).

Select Penelope on the screen.

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.

While Penelope is living at home, can Natasha add Penelope to her current Marketplace application and re-apply for Marketplace coverage with financial assistance for the three of them?

Yes or No?

Correct answer is, No. 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.

For more information about tax filing requirements, visit [HealthCare.gov/income-and-household-information/household-size](https://www.healthcare.gov/income-and-household-information/household-size).

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

Good job on that scenario!

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 jointly to be eligible for financial assistance. However, this appointment will illustrate an exception to the rule.

Liam and Amelia Pierce are legally married but have lived in different states for the past few years due to their work arrangements. 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 and certain other IRS requirements will be met, 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.

How many Marketplace applications should the Pierce family submit?

- A. Only one application because Liam, Amelia, and Ava are all in the same household.
- B. Two applications because Liam and Amelia file as two separate tax households.
- C. Three applications because each household member must submit a separate Marketplace application.
- D. They must submit the same number of applications they submitted last year.

The correct answer is B. 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. Is that correct?

Yes.

Liam 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 is therefore completing her own 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 own 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 Liam 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 on who to include in a household on a Marketplace application, visit [HealthCare.gov/income-and-household-information/household-size](https://www.healthcare.gov/income-and-household-information/household-size).

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. Select the Save & continue button.

Next, Liam provides information about his marital status. He selects Married and then the Save and Continue button.

Liam enters Amelia's information and then selects the Save details button to proceed to the next screen.

Amelia's name should now appear in the dropdown next to the Married to option. Select the Save & continue button to proceed to the next screen.

Let's help Liam complete the "Tax Relationships" screen.

- 1) Will Liam file a 2022 joint federal income tax return with Amelia? No.
- 2) Will Liam file a 2022 federal income tax return? Yes.
- 3) Will Liam claim any dependents on their 2022 federal tax return? Yes.
- 4) Who will Liam claim as a dependent on their 2022 federal tax return? Select Ava.

Liam will not file a 2022 joint federal income tax return with Amelia, but he will file a 2022 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.

Liam should select the button next to No to indicate that everyone does not live together at the provided address.

Next, he should select the check box next to Ava to indicate that only he and Ava live at this address. Then, select the Save & continue button.

On the following screen, Liam needs to enter and confirm Amelia's address. Once Liam selects the Save & continue button, he has to review and confirm everyone's address is correct. Select the Save & continue button.

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

He should select Yes to the question "Will Liam file as Head of Household on their 2022 federal income tax return?" and then the Save & continue button.

Assister Tip: The "Head of Household" screen will appear only for consumers who indicate on their Marketplace application that they're legally married but will file taxes separately from their spouse, provide a separate address from their spouse, and have a tax dependent they live with and take care of.

Great job helping Liam indicate he has Head of Household 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 her own Marketplace application. She will answer the same series of questions except for whether she will file for Head of Household on her income tax return. Liam will appear on Amelia's application as a non-applicant since they're legally married.

Good job on those scenarios!

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 Consumers with Disabilities](#)
- [How to Count Income and Household Members](#)
- [Income Resource Chart](#)

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