

# Application Spotlight: Household Income Complex Situations

This job aid provides information and guidance Navigators and certified application counselors (collectively, assisters) in states with Federally-facilitated Exchanges need to know to help consumers in certain situations as they complete the Income Information section of the Marketplace application.

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## Overview

When consumers fill out a Marketplace application, they'll estimate what the income is likely to be for the year for each household member. Eligibility for help paying for coverage is based on their expected household income for the year they want coverage, not last year's income.

This information is intended only for the use of entities and individuals certified to serve as Navigators or certified application counselors in a Federally-facilitated Marketplace. The terms "Federally-facilitated Marketplace" and "FFM," as used in this document, include FFM's where the state performs plan management functions. Some information in this manual may also be of interest to individuals helping consumers in State-based Marketplaces and State-based Marketplaces using the Federal Platform. This document is intended only as a summary of legal requirements and to provide operational information and does not itself create any legal rights or obligations. All legal requirements are fully stated in the applicable statutes and regulations. The contents of this document do not have the force and effect of law and are not meant to bind the public in any way, unless specifically incorporated into a contract. This document is intended only to provide clarity to the public regarding existing requirements under the law. This material was printed, published, or produced and disseminated at U.S. taxpayer expense.

They must make their best estimate so they qualify for the right amount of help paying for coverage, if eligible. Income is counted for the consumer, their spouse if they have one, and everyone they'll claim as a tax dependent on their federal income tax return (if the dependents are required to file). Consumers should include their income and the income of their spouse and tax dependents even if one or more of these people doesn't need health coverage and/or one or more of these people is not required to file a federal income tax return.

The application will ask about the income they get in the current month as well as the income for the whole year. Consumers can use the [Income Calculator](#) at HealthCare.gov if they need extra help estimating each household member's yearly income.

## Dependents

For the Health Insurance Marketplace<sup>®1</sup>, a household usually includes the tax filer, their spouse if they have one, and their tax dependents. A dependent is a child or other individual for whom a parent, relative, or other person may claim a personal exemption tax deduction. For more information on who qualifies as a dependent, visit [IRS Publication 501](#).

## Including Dependents on the Application

Consumers should include tax dependents even if the tax dependents don't need health coverage. When consumers apply, they can state which household members need coverage.

**Scenario #1:** Kat and Phillippe Bisset are married and claim two children as dependents: their 12-year-old daughter, Megha, and their infant son, Joshua. Joshua has coverage through the Children's Health Insurance Program (CHIP). On the page that asks "Who needs health coverage?" Kat should include all household members who need coverage on the Marketplace application. Because Joshua has CHIP coverage, Kat doesn't include him as a household member who needs coverage. The Marketplace application will ask for his information later.

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<sup>1</sup> Health Insurance Marketplace<sup>®</sup> is a registered service mark of the Department of Health & Human Services.

## Who needs health coverage?

[Learn more about who not to include.](#)

### Needs coverage

[Learn more about editing or removing someone.](#)

✓ Kat [Edit](#)

✓ Phillippe [Edit](#) | [Remove](#)

✓ Megha [Edit](#) | [Remove](#)

[Add a person who needs coverage](#)

### Doesn't need coverage

✗ Joshua [Edit](#) | [Remove](#)

[Save & continue](#)

## Including Dependents' Income on the Application

Advise consumers that they should always include the income of children and tax dependents (of any age) on the Marketplace application when it is requested. The Marketplace will calculate whether to count their income based on their age and the income types and amounts they include on the application.

**Scenario #2:** George and Louise Carter live in Michigan with their son, Leo. They are married, file a joint federal income tax return, and claim Leo as their dependent. George, Louise, and Leo will all get income this month, so they should select the check box next to the names of all three household members and select **Save & continue**.

## Household income

[Learn more about types of income to report.](#)

Will any of these people have income this month?

- George Carter
- Louise Carter
- Leo Carter

[Save & continue](#)

None of the Carters pay student loan interest, alimony, or educator expenses or contribute to an IRA, so they should leave all the checkboxes in the “Household expenses” section blank.

## Household expenses

Do any of these people pay student loan interest, alimony, or educator expenses, or contribute to an IRA in 2020?

[Learn more about reporting these expenses.](#)

- George Carter
- Louise Carter
- Leo Carter

[Save & continue](#)

Since all three of the Carters will earn income this month, they each need to estimate their income on the Marketplace application. George and Louise proceed through the application to enter their monthly income. Next, they enter Leo’s income information. Leo earned \$3,000 working at a summer camp this month. Even though Leo is George and Louise’s tax dependent and his income falls below the tax-filing threshold for dependents, Leo should enter his income on this application. Leo received a taxable wage this month for his work at the summer camp, so he selects **Job (like salary, wages, commissions, or tips)** from the drop-down menu.

### Leo's income

You can enter amounts now, then update Leo's income later in the year if Leo's situation changes.

**Select a type of income Leo currently gets this month.**  
[Learn more about types of income to report.](#)

-- select an option --

**Save & continue**

Leo provides the following information about his job and selects **Save & continue**.

### Leo's income

You can enter amounts now, then update Leo's income later in the year if Leo's situation changes.

**Select a type of income Leo currently gets this month.**  
[Learn more about types of income to report.](#)

Job (like salary, wages, commissions, or tips)

[Learn more about reporting job income.](#)

**Enter the employer name.**

Summer Camp Co.

**Enter the amount Leo gets paid.**  
[Learn how to calculate income.](#)

\$ 3,000

**How often is Leo paid this amount?**

Hourly

Daily

Weekly

Every 2 weeks

Twice a month

Monthly

Yearly

One time only

**Enter a phone number where we can reach Summer Camp Co..**

616-000-4334

**Save & continue**

Leo then reviews his income and expenses. Leo's only source of income is his summer job, so his expected yearly income is correct. He selects **Yes**, then **Save & continue**.

### Review Leo's income & expenses

#### Leo's income

**Job: Summer Camp Co.** [Edit](#) | [Remove](#)  
\$3,000.00 every year

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[Add another income source for Leo](#)

#### Leo's expenses

[Add expense for Leo](#)

#### Leo's net income totals

**Leo's expected monthly income for 2021**

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About \$3,000.00

We calculated this current monthly income amount based on what you entered for Leo's income and expenses. Don't worry if this isn't the exact total — we just need a close estimate.

**Leo's expected yearly income for 2021**

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About \$3,000.00

We calculated this expected yearly income amount based on what you entered for Leo's monthly income and expenses. Is this correct for 2021?  
[I'm not sure if this amount is correct.](#)

Yes  
 No

[Save & continue](#)

The Carter family will complete, review, sign, and submit their application.

## Applying for Help Paying for Coverage

Only members of a single tax household can be included as applicants on a single application if the applicants are applying for help paying for coverage.

Taxpayers are eligible for advance payments of the premium tax credit (APTC) if, among other things, they:

- Have an annual household income between 100-400 percent of the federal poverty level (FPL).
- Can't be claimed as a dependent by another person.
- Are enrolled in coverage (excluding Catastrophic coverage) through the Marketplace.
- Aren't offered "affordable" coverage through an eligible employer-sponsored plan that provides minimum value.
- Aren't eligible for certain coverage through a government program, like Medicaid, Medicare, CHIP, or TRICARE.
- Don't file a Married Filing Separately federal tax return.

There are two scenarios where married consumers may be eligible for APTC despite indicating that they're in a separate tax household from their spouse.

### **Victims of Domestic Abuse & Spousal Abandonment**

If consumers live apart from their spouse and are victims of domestic abuse, domestic violence, or spousal abandonment and want to enroll in their own health plan separate from their abuser or abandoner, they can indicate that their marital status is "Single" on their Marketplace application and still be eligible for APTC, if otherwise eligible. They may claim the premium tax credit (PTC) using the Married Filing Separately filing status.

### **Filing as Head of Household**

Consumers who are legally married but live separately from their spouse and have a tax dependent they live with and take care of may be eligible to file as Head of Household. These consumers aren't considered Married Filing Separately for purposes of APTC eligibility.

**Scenario #3:** Liam and Amelia Pierce are legally married but will live in different states during the year they want coverage due to their work arrangements. Liam will live with and take care of their daughter, Ava, and plans to claim her as a tax dependent. Therefore, Liam is eligible to file taxes as Head of Household, while Amelia will file her taxes separately.

In this case, since Liam and Amelia are filing taxes separately, the Pierce family will submit two Marketplace applications to be eligible for financial assistance. On his application, Liam should include himself, Ava, and Amelia on his Marketplace application.

Since Amelia is part of a separate tax household, Liam should list her as a non-applicant, so Liam only selects himself and Ava on the "Who needs health coverage?" screen.

## Who needs health coverage?

[Learn more about who not to include.](#)

### Needs coverage

[Learn more about editing or removing someone.](#)

- Liam [Edit](#)
- Ava [Edit](#) | [Remove](#)

Liam then provides information about his marital status. He selects **Married**, enters Amelia's information, and selects **Save details**.

## Marital status

[Learn more about marital status.](#)

What's Liam's marital status?

Single

Married

Tell us about Liam's spouse

**First name**

**Middle name**  
Optional

**Last name**

**Suffix**  
Optional

**Date of birth**  
For example: 3/4/2018

Month	Day	Year
<input type="text" value="8"/>	<input type="text" value="16"/>	<input type="text" value="1984"/>

**Sex**

Female

Male

[Save details](#)

Amelia's name should now display in the drop-down menu next to the "Married to" radio button. Liam will also confirm Ava's marital status and will select **Single** for Ava.

## Marital status

[Learn more about marital status.](#)

What's Liam's marital status?

Single

Married to  [Edit](#)

[Save & continue](#)

The application will ask for tax relationships next. Liam will indicate that he and Amelia won't file a joint federal income tax return but he will claim Ava as a dependent.

## 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.

### Liam's tax relationships

Will Liam file a 2020 joint federal income tax return with Amelia?

[Learn more about joint tax filing.](#)

Yes

No

**i 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 Liam file a 2020 federal income tax return?**  
[Learn more about tax filing.](#)

Yes  
 No

**Will Liam claim any dependents on their 2020 federal tax return?**  
[Learn more about dependents.](#)

Yes  
 No

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

Ava

[Add a dependent](#)

[Save & continue](#)

The Marketplace will ask Liam to confirm everyone's place of residence. He should select **No** to indicate that everyone doesn't 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.

**Where does everyone live?**

**Do all of these people live together at this address?**

Liam  
Ava  
Amelia

27628 Brook Dr  
Hot Springs, SD 57747-7212

Yes  
 No

**Select everyone who lives at this address with Liam.**

Ava  
 Amelia  
 None of these people

[Save & continue](#)

On the following screen, Liam will enter and confirm Amelia's address.

### Ameila's address

[Learn how home address affects coverage.](#)

**What's Ameila's home address?**

A new address

No home address

**Enter Ameila's home address.**

**Street address**

5911 Granada Blvd

**Street address 2**  
Optional

**City**

Coral Gables

**State**

Florida

**ZIP code**

33146

**Save & continue**

Then he will review and confirm everyone's address.

### Review everyone's address

**Liam and Ava's home address:**

27628 Brook Dr  
Hot Springs, SD 57747-7212

**Amelia's home address:**

5911 Granada Blvd  
Coral Gables, FL 33146-2616

**Save & continue**

The "Head of Household" screen displays since Liam indicated that he's living separately from his spouse and has a tax dependent he lives with and takes care of.

## Head of household

Will Liam file as Head of Household on their 2020 federal income tax return?

[Learn who's a Head of Household.](#)

Yes

No

[Save & continue](#)

The “Head of Household” screen will display only for consumers who may be eligible for Head of Household status—that is, they indicate they’re legally married on their Marketplace application 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.

On Amelia’s application, she should include only Liam as a non-applicant. She will answer the same series of questions except for whether she will file as Head of Household on her income tax return. While Amelia is living separately from Liam, she doesn’t have a tax dependent she lives with and takes care of. The “Head of Household” screen won’t display for her.

## Households with Variable Income

Sometimes it’s hard for consumers to predict their income if they’re unemployed, self-employed, on commission, or on a work schedule that changes regularly. These consumers should base their estimate on their past experience, recent trends, what they know about possible changes at their workplace, and similar information. If the job is new to them, they can ask people in the same field or in the same company about their experiences. Consumers can use the [Income Calculator](#) at HealthCare.gov to help estimate each household member’s income.

Note: Consumers should include all unemployment compensation when estimating their income, including unemployment compensation as a result of the coronavirus disease 2019 (COVID-19) emergency.

If a consumer’s or a household member’s income changes after they submit a Marketplace application, they should return to the Marketplace and update their application. This will help make sure they’re getting the right amount of savings. If consumers make more than they reported on their Marketplace application, they could have to pay back some or all of the APTC they took during the year. If they make less, they could qualify for more savings than they claimed during the year.

**Scenario #4:** Marcus and Tia Brown are married and have a variable household income. Marcus is a self-employed website designer who earns income from both his regular clients and from freelance web design requests he receives throughout the year.

Last year he earned \$42,000, but his annual income typically changes from year to year. His wife, Tia, is a server who earns a base salary and receives tips. She also receives alimony that counts as income because it is from a divorce finalized before January 1, 2019. In July of the upcoming year, Tia expects to start a new job at a hair salon.

Both Marcus and Tia will earn income this month, so they each need to enter their income on their Marketplace application.

### Household income

[Learn more about types of income to report.](#)

Will any of these people have income this month?

Marcus Brown

Tia Brown

[Save & continue](#)

The Browns don't have any expenses such as student loan interest, alimony, or educator expenses and won't contribute to an IRA this year. They should leave the checkboxes next to their names unchecked.

### Household expenses

Do any of these people pay student loan interest, alimony, or educator expenses, or contribute to an IRA in 2020?

[Learn more about reporting these expenses.](#)

Marcus Brown

Tia Brown

[Save & continue](#)

Next, Marcus and Tia will report their projected annual income.

Note: If an applicant is unemployed and receiving unemployment compensation, they should choose **Unemployment** and enter the information as shown.

## Marcus's income

You can enter amounts now, then update Marcus's income later in the year if Marcus's situation changes.

**i** If Marcus has more than one source of income, you'll be able to enter more later.

Select a type of income Marcus currently gets this month.

[Learn more about types of income to report.](#)

Unemployment

Enter any unemployment compensation this person is currently getting, whether it's from a government office, employer, or union, or unemployment compensation as a result of the COVID-19 emergency.

Enter the amount Marcus gets paid.

If you're not sure, make your best estimate.

\$ 600

How often does Marcus get this amount?

- Weekly
- Every 2 weeks
- Twice a month
- Monthly
- Yearly
- One time only

Which state or employer provides Marcus with unemployment benefits?

Optional

Delaware

Enter the date that unemployment benefits are set to expire.

Optional

Month / Day / Year

12 / 31 / 2020

Save & continue

In our scenario, Marcus is employed and doesn't have any unemployment compensation to report. Marcus will choose **Self-employment (like own business, consulting, or freelance work)** from the drop-down menu.

## Marcus's income

You can enter amounts now, then update Marcus's income later in the year if Marcus's situation changes.

**i** If Marcus has more than one source of income, you'll be able to enter more later.

Select a type of income Marcus currently gets this month.

[Learn more about types of income to report.](#)

-- select an option --

- select an option --
- Job (like salary, wages, commissions, or tips)
- Self-employment (like own business, consulting, or freelance work)**
- Farming or fishing
- Unemployment
- Social Security benefits (retirement and disability)
- Retirement (like IRA and 401(k) withdrawals)
- Pension benefits
- Investment (including interest and dividend income)
- Capital gains
- Rental or royalty
- Alimony received
- Scholarship
- More income sources**
- Canceled debt
- Cash support
- Court awards
- Gambling, prizes, or awards
- Jury duty pay
- Other income

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He enters **\$4,000** for his net income and **Web design consultant** to describe his work, then selects **Save & continue**.

**Enter Marcus's net income (total income minus business expenses) for November 2021.**

You can enter a positive number (profit) or a negative number (loss).

[Learn how to calculate net income. If you're still not sure, make your best estimate.](#)

\$ 4,000

**Describe the kind of work in a few words.**

Web design consultant

**Save & continue**

Marcus can now review his expected yearly income generated by the Marketplace. He doesn't expect to make \$48,000 for the upcoming coverage year, so he will select **No** to indicate that Marcus's expected yearly income for 2021 isn't correct. He then selects **Yes**, his income is hard to predict.

### Review Marcus's income & expenses

**Marcus's income**

**Self-employment: Web design consultant** [Edit](#) | [Remove](#)  
\$4,000.00 this month

[Add another income source for Marcus](#)

**Marcus's expenses**

[Add expense for Marcus](#)

**Marcus's net income totals**

**Marcus's expected monthly income for 2021**

About \$4,000.00

We calculated this current monthly income amount based on what you entered for Marcus's income and expenses. Don't worry if this isn't the exact total — we just need a close estimate.

**Marcus's expected yearly income for 2021**

About \$48,000.00

We calculated this expected yearly income amount based on what you entered for Marcus's monthly income and expenses. Is this correct?  
[I'm not sure if this amount is correct.](#)

Yes

No

**Is Marcus's income for 2021 hard to predict?**

Yes

No

If you're not sure, make your best estimate of Marcus's income total for 2021.

\$

**i We can help you better estimate Marcus's income, if you need it**

If their income is hard to predict or changes (like getting unemployment or having a short-term job):

[Use income calculator](#)

If you roughly know their monthly income, even if the amounts change:

[Enter monthly amounts](#)

[Save & continue](#)

Marketplace savings are based on consumers' estimated net income for the year they're getting coverage, not last year's income. Marcus should start with his household's adjusted gross income from his most recent federal income tax return and adjust his estimate for any changes he expects.

Marcus has had more freelance work this year so he expects his income will be higher than the \$42,000 he earned last year but not as high as \$48,000. Marcus can either enter an estimate in the blank field or select the **Enter monthly amounts** button and enter estimates for each month of 2021. If his income is hard to predict or will likely change, Marcus can select the **Use income calculator** for help estimating his income.

If you're not sure, make your best estimate of Marcus's income total for 2021.

\$

**i** We can help you better estimate Marcus's income, if you need it

If their income is hard to predict or changes (like getting unemployment or having a short-term job):

If you roughly know their monthly income, even if the amounts change:

After selecting the **Enter monthly amounts** button, the following screen will display. Marcus can enter monthly estimates for 2021, then select **Save income estimate** to return to the "Review Marcus's income & expenses" screen.

### Estimate Marcus's income

Enter Marcus's expected income for each month of 2021. Don't worry if this isn't the exact total, we just need a close estimate.

January 2021 <input type="text" value="\$ 4,000"/>	February 2021 <input type="text" value="\$ 4,000"/>
March 2021 <input type="text" value="\$ 1,000"/>	April 2021 <input type="text" value="\$ 2,500"/>
May 2021 <input type="text" value="\$ 4,300"/>	June 2021 <input type="text" value="\$ 4,000"/>
July 2021 <input type="text" value="\$ 4,500"/>	August 2021 <input type="text" value="\$ 4,700"/>
September 2021 <input type="text" value="\$ 4,000"/>	October 2021 <input type="text" value="\$ 4,400"/>
November 2021 <input type="text" value="\$ 3,000"/>	December 2021 <input type="text" value="\$ 5,000"/>

An estimate should now display in the blank field. Marcus agrees \$45,400 is a better estimate, and he is more confident about submitting this value to the Marketplace. He selects **Save & continue**.

If you're not sure, make your best estimate of Marcus's income total for 2021.

\$ 45,400

**i We can help you better estimate Marcus's income, if you need it**

If their income is hard to predict or changes (like getting unemployment or having a short-term job):

[Use income calculator](#)

If you roughly know their monthly income, even if the amounts change:

[Enter monthly amounts](#)

[Save & continue](#)

Marcus will then enter Tia's estimated income and proceed through the application.

## Resources

[Income Resource Chart](#)

[IRS Publication 17](#)

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

[Income Calculator](#)

[Guide to Confirming Your Income Information](#)

[Income Worksheet for Consumers](#)

[APTC and CSR Basics](#)

[HealthCare.gov/income-and-household-information/how-to-report/](https://www.healthcare.gov/income-and-household-information/how-to-report/)

[HealthCare.gov/income-and-household-information/household-size/](https://www.healthcare.gov/income-and-household-information/household-size/)

[HealthCare.gov/income-and-household-information/income/](https://www.healthcare.gov/income-and-household-information/income/)

[HealthCare.gov/self-employed/income/](https://www.healthcare.gov/self-employed/income/)

[HealthCare.gov/reporting-changes/why-report-changes/](https://www.healthcare.gov/reporting-changes/why-report-changes/)



Health Insurance Marketplace