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Agent Training: MAGI and APTC

Summer 2014

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Course Description

The purpose of the *Agent Training: MAGI and APTC* course is to provide Agents with a detailed understanding of how Modified Adjusted Gross Income (MAGI), APTC, and consumer Fair Share is estimated.

Agents are not tax specialists so they shouldn’t give any tax advice to consumers. If consumers have complex tax questions, they should consult with their accountants or a tax attorney. This course includes simple, straight forward income and deductions as listed on Form 1040.

Course Outline

The *Agent Training: MAGI and APTC* contains the following lessons:

- MAGI Overview
- Estimate MAGI
- Premium Assistance (APTC)
- Estimate APTC and Fair Share
- Entering Information in CoveredCA.com

MAGI Overview

- *What is MAGI?*
- *MAGI Household Definition*
- *MAGI State-by-State*
- *How is MAGI Estimated?*
- *MAGI Compared to FPL*

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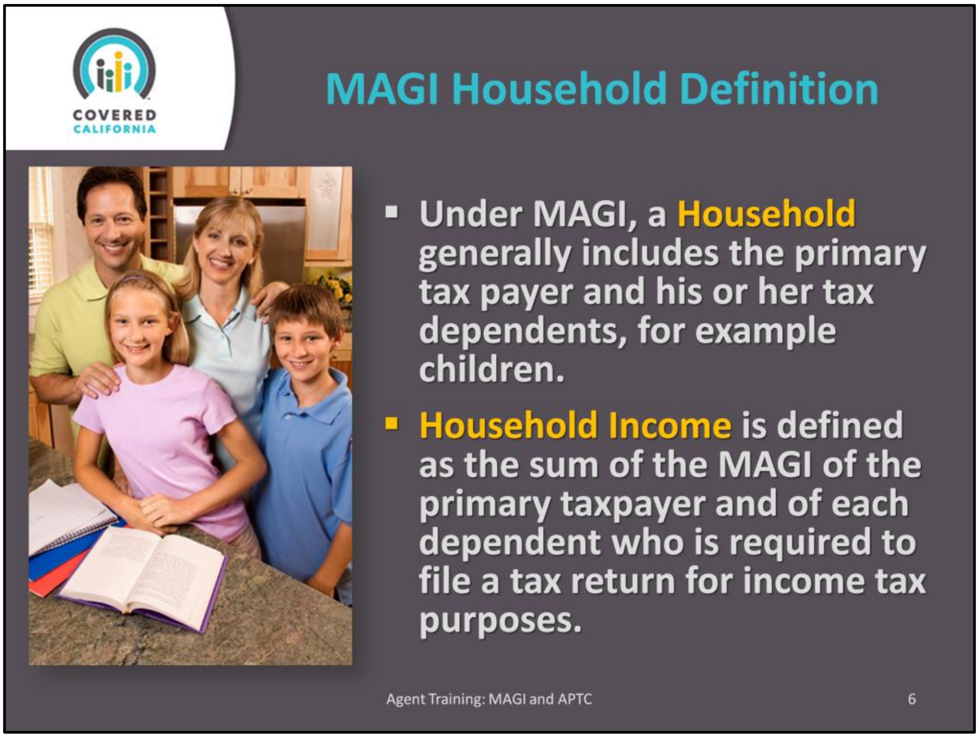
Modified Adjusted Gross Income (MAGI)

- Modified Adjusted Gross Income (MAGI) is used to calculate eligibility for Covered California financial assistance and for Medi-Cal.
- Eligibility under the Affordable Care Act is calculated by the ***household*** MAGI which is governed by IRS, Medicaid, and Treasury regulations.



For example, a dependent who earns less than the filing threshold, the income of that dependent is not included in the MAGI.

MAGI State-by-State

- The ***definition*** of MAGI does not vary by state.
- The ***income requirements*** used to calculate MAGI vary by state according to the ***Federal Poverty Level (FPL)*** eligibility requirements established by each state.

How is MAGI Estimated?

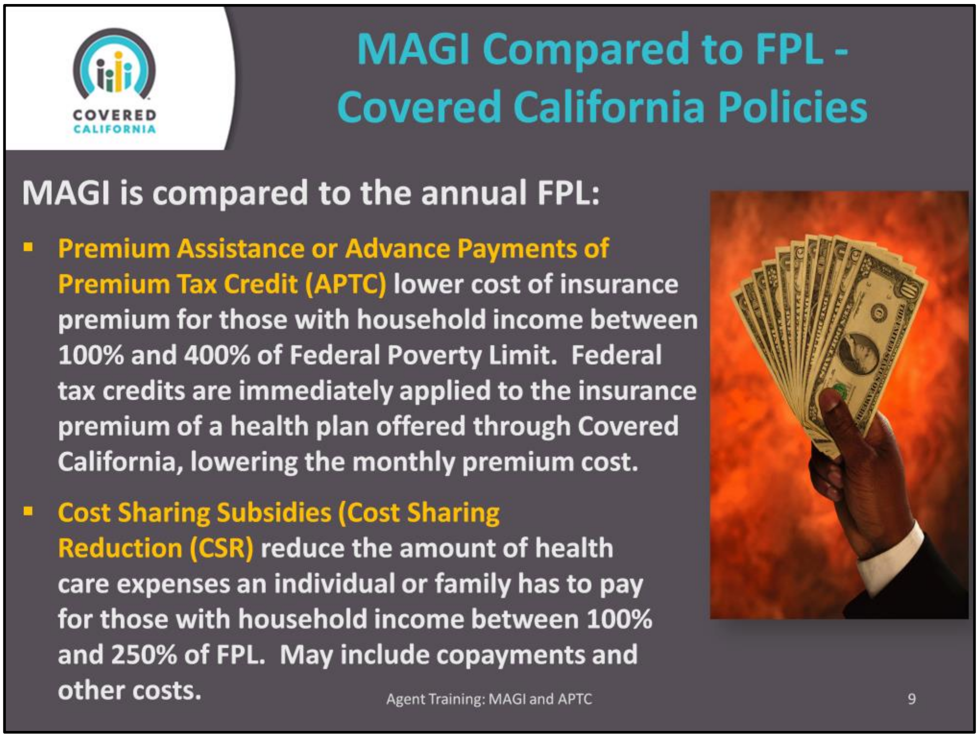
- For **Covered California** consumers, MAGI is estimated by annual income:

  Annual Income – Deductions + Some Income Added Back

- For **Medi-Cal** consumers, MAGI is estimated for the ***current month*** by determining:

  Monthly Income – Deductions + Some Income Added Back – Some Excluded Income

Note: *For most consumers that apply for coverage, MAGI will be equal to their Adjusted Gross Income (Income - Deductions)*



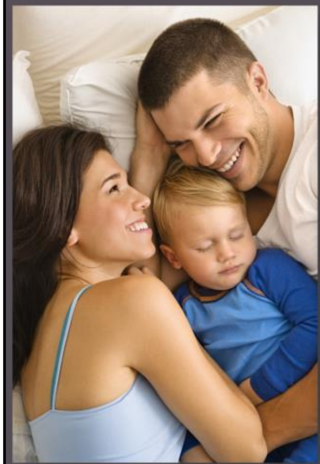
Most persons who fall between 100% and 138% of FPL are eligible for Medi-Cal. Those who are not eligible for Medi-Cal (certain immigrant categories) whose income falls in this range may be eligible for coverage through Covered California.

Annual FPL for 2014
Covered California CSR and APTC

Size of Family	FPL 100%	250% or less	400% or less
		Cost Sharing Subsidies	APTC Eligibility
1	$11,670.00	$29,175.00	$46,680.00
2	$15,730.00	$39,325.00	$62,920.00
3	$19,790.00	$49,475.00	$79,160.00
4	$23,850.00	$59,625.00	$95,400.00
5	$27,910.00	$69,775.00	$111,640.00
6	$31,970.00	$79,925.00	$127,880.00
7	$36,030.00	$90,075.00	$144,120.00
8	$40,090.00	$100,225.00	$160,360.00
> 8 dependents, add $ per month per dependent	$4,056.00	$10,140.00	$16,224.00

Please note that these FPL levels will be used to determine eligibility for, and amount or level of, APTC and CSR for 2015 benefit/plan year for policies effective 1.1.2015. We will continue to use 2013 FPL levels for the 2014 benefit year for tax credit purposes. However, the new 2014 FPLs is being used to determine eligibility for MAGI Medi-Cal.

MAGI Compared to FPL
Medi-Cal



MAGI is compared to the monthly FPL for eligibility for:

- The entire household
- Pregnant women and infants
- Mixed families

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Monthly FPL 2014 for Medi-Cal

Size of Family	FPL 100%	138% or less	213% or less	266% or less
	Monthly Income	All Family Members eligible for Medi-Cal	Pregnant Women	Mixed Program Family - Minors eligible for Medi-Cal
1	$972.50	$1,342.05	$2072.00	$2,586.85
2	$1,310.83	$1,808.95	$2793.00	$3,486.81
3	$1,649.17	$2,275.85	$2793.00	$4,386.79
4	$1,987.50	$2,742.75	$3513.00	$5,286.75
5	$2,325.83	$3,209.65	$4234.00	$6,186.71
6	$2,664.17	$3,676.55	$4955.00	$7,086.69
7	$3,001.50	$4,142.07	$5675.00	$7,983.99
8	$3,340.83	$4,610.35	$6396.00	$8,886.61
> 8 dependents, add $ per month per dependent	$338.00	$466.44	$721.00	$899.08

Refer to: http://www.dhcs.ca.gov/services/medi-cal/eligibility/Documents/ACWDL2014/14-04.pdf for a complete description of all FPL categories. Note that the FPL for Medi-Cal is updated annually on April 1.

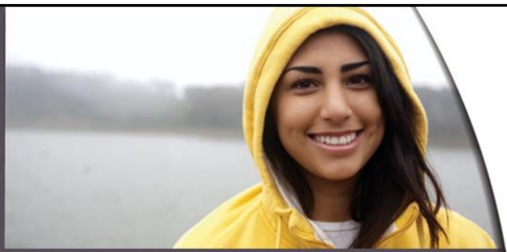
Mixed Program Families

- Families may find that some household members qualify for Medi-Cal while other family members qualify for premium assistance and cost-sharing subsidies through Covered California.
- For example, there are families with children eligible for Medi-Cal and parents eligible for premium assistance because children are eligible for Medi-Cal at significantly higher income levels (≤ 266 % FPL) than for adults (≤ 138% FPL).

FAQs

What if I have a split family or family members choose different plans?

- You can still claim your premium tax credit. The premium tax credit for the enrollees in the unsubsidized plan can be claimed when your taxes are filed, but cannot be applied on an advanced basis. When deciding which group of family members to apply the advanced credit on, we advise that it be applied to the group with the larger overall premium. CoveredCA.com will soon be able to split the tax household's APTC among the multiple plans which members of the household choose to enroll in.



Estimate MAGI

- *How to Estimate MAGI*
- *Household Members*
- *Income Included*
- *Expenses Excluded*
- *Income Added Back*
- *Excluded Income for Medi-Cal*
- *Mixed-Immigration Families*

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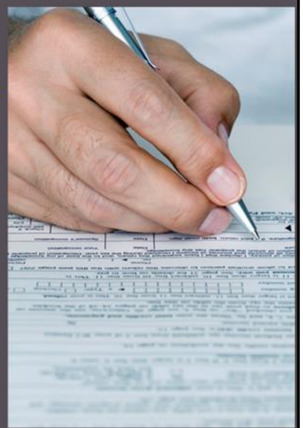
How to Estimate MAGI

If your income and family size ***has not*** changed from last year:



1. **From your last year's tax return:**
   - Line 4 if you filed a Form 1040EZ
   - Line 21 if you filed a Form 1040A
   - Line 37 if you filed a Form 1040
2. **Compare income to FPL Table.**

How to Estimate MAGI

If your income and family size *has* changed from last year:

1. Calculate income from *all* household members who are required to file a tax return.
2. Calculate deductions.
3. Compare income to FPL Table.

Household Members - Included

- You
- Your spouse *(must file jointly to receive APTC)*
- Your unborn children (pregnant women/Medi-Cal only)
- Children living with you
- Any child or relative that is a qualified dependent per tax law

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Note that Covered California only counts pregnancy as one person while Medi-Cal counts the mother plus the number of unborn children.
Qualified dependent is anyone who you have claimed as a dependent on your tax form.

Household Members - Excluded

- Unmarried partner
- Parents and other relatives who live with you, file their own tax returns, and are not your dependents
- Unmarried partner's children if they are not your tax dependents
- Dependents who live abroad for more than half a year

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Later in this presentation, we will demonstrate where to enter this information in CoveredCA.com and where on the Form 1040 you can find this income.

Expenses Deducted for MAGI

Expenses *deducted* from income:

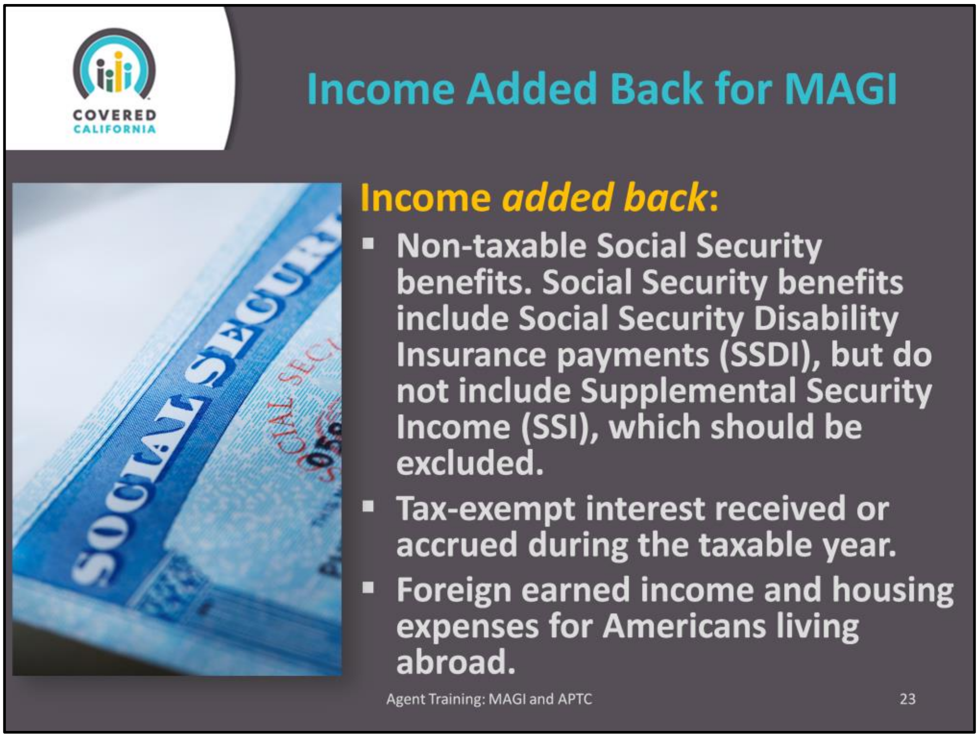
- Educator expenses
- Certain business expenses
- Health savings account deduction
- Moving expenses
- Deductible part of self-employment tax
- Self-employed SEP, SIMPLE, and qualified plans
- Self-employed health insurance deduction
- Penalty on early withdrawal of savings
- Alimony paid
- IRA deductions
- Student loan interest
- Tuition and fees

Notes on Income and Expenses

Check the IRS website for detailed requirements regarding the income and deduction categories.

Do not include:

- Veterans' disability payments, workers' compensation or child support received.
- Pre-tax contributions, such as those for child care, commuting, employer-sponsored health insurance, flexible spending accounts and retirement plans such as 401(k) and 403(b), are not included in AGI and are not listed because they are already subtracted out of W-2 wages and salaries.



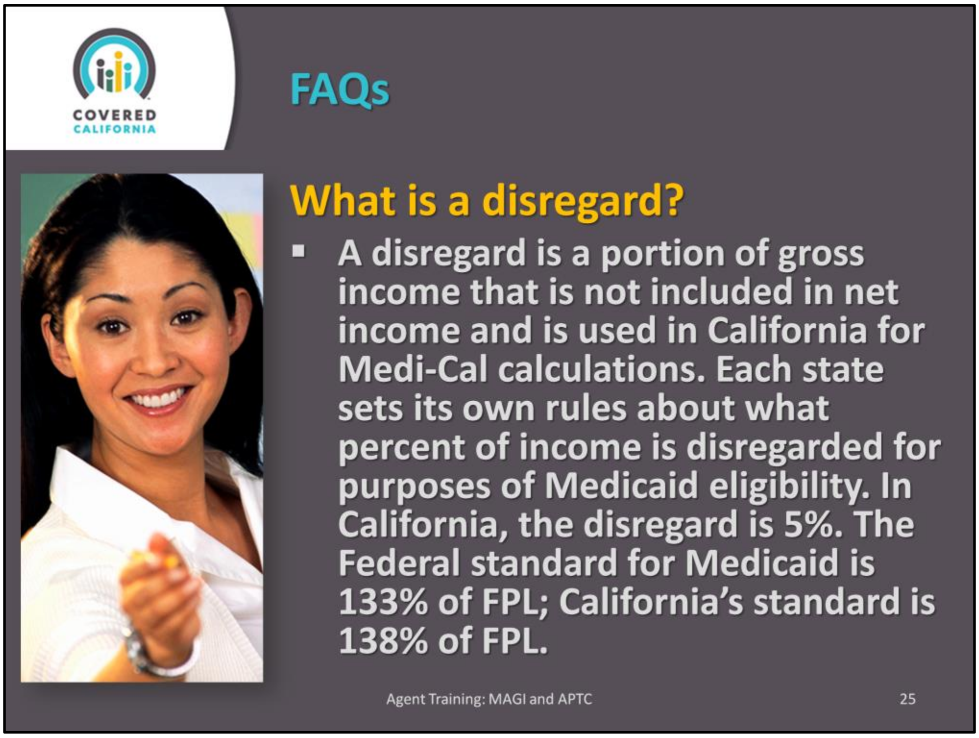
SSDI is an earned benefit that focuses on physical and mental impairments that are severe enough to prevent people from engaging in their normal occupations or any other work. Their impairment must be expected to last for at least 12 months or to end in death. SSDI benefits can be paid to blind or disabled workers, and like Social Security retirement benefits, to their children, to their widows or widowers, and to adults who haven't worked but have been disabled since childhood. Social Security Disability Insurance is funded through payroll taxes. SSDI recipients are considered "insured" because they have worked for a certain number of years and have made contributions to the Social Security trust fund in the form of FICA Social Security taxes. SSDI candidates must be younger than 65 and have earned a certain number of "work credits."

SSI pays benefits to low-income people who are 65 or older, adults who are disabled (based on the same definition used by SSDI) or blind, and children who are disabled and blind. SSI is a program that is strictly need-based, according to income and assets, and is funded by general fund taxes. SSI is called a "means-tested program," meaning it has nothing to do with work history, but strictly with financial need. To meet the SSI income requirements, you must have less than $2,000 in assets (or $3,000 for a couple) and a very limited income. Disabled people who are eligible under the income requirements for SSI are also able to receive Medicaid in the state they reside in. Most people who qualify for SSI will also qualify for food stamps, and the amount an eligible person receives is dependent on where they live and the amount of regular, monthly income they have.

Excluded Income for MAGI Medi-Cal Only

Excluded income for MAGI Medi-Cal:

- Scholarships, awards, or fellowship grants used for education purposes and not for living expenses
- Certain American Indian and Alaska Native income derived from distributions, payments, ownership interests, real property usage rights, and student financial assistance
- An amount of income received as a lump sum is counted as income only in the month received and excluded in the other months



Above the 138% threshold could be eligible for Covered California.

Premium Assistance

- *Premium Assistance (APTC)*
- *What are Cost Sharing Subsidies (CSRs)?*
- *Tax Filings*
- *Managing Premium Assistance*
- *Key Points*
- *FAQs*

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Premium Assistance (APTC)

Definition

- Premium assistance is also referred to as advanced premium tax credit (APTC), tax credit, tax subsidy, and financial assistance.
- In California, premium assistance is only available to consumers who purchase a health plan through Covered California.

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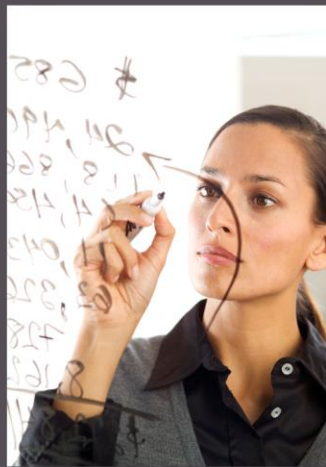
Who Qualifies for APTC?

Individuals and families who do not have affordable or adequate coverage through an employer, are not eligible for or enrolled in any other minimum essential coverage, and with household incomes between 100% - 400% of the federal poverty level (FPL), may be eligible to receive a federal tax credit which can be paid in advance to lower the cost of monthly plan premiums or claimed during the tax filing process.

How is APTC Estimated?

- APTC is estimated according to income, family size, and rating region, based on the cost of the second-lowest-cost silver plan available to a consumer.
- Consumers are not obligated to enroll in the second-lowest-cost silver plan; they may apply premium assistance to any plan available to them and thereby lower the cost of the premium.
- Generally, consumers that are eligible for or enrolled in Minimum Essential Coverage (MEC) are ineligible for premium assistance.



Cost Sharing Subsidies (CSRs)

- In addition to being eligible for APTC, individuals and families who earn between 100% - 250% FPL are also eligible for Cost-Sharing Subsidies, which increase the actuarial value of the benchmark plan, and decrease the out-of-pocket costs (co-pays, coinsurance, and deductibles) for those enhanced plans.
- However, these individuals and families must enroll in silver tier plans to be eligible for cost-sharing subsidies.

CSRs v. APTC

- The primary difference between cost-sharing subsidies and premium assistance is that cost-sharing subsidies help reduce your costs when you are seeking care.
- CSRs increase the actuarial value of your health plan which directly lowers what you spend on out-of-pocket costs such as co-payments, deductibles, and coinsurance rates.
- Premium assistance (APTC) is applied directly to your monthly premium and is not directly related to the utilization of care.

Tax Filing

- Even if a consumer has a legal basis for currently not filing taxes (regardless of the reason), if that consumer wants to elect APTC currently or in the future, that consumer MUST agree to and file taxes for 2014 (in 2015).

- The public policy reason for this rule is simple: this is the only way the IRS can ultimately determine if and if so, for what amount of APTC the consumer was eligible to take in 2014.

Tax Filing

- At tax filing time, the amount of APTC an enrollee (a taxpayer) received in advance during the benefit year will be reconciled with the amount of premium assistance the enrollee is determined eligible for based on the enrollee's actual income reported on his or her tax return.
- An enrollee whose premium assistance for the taxable year exceeds the enrollee's APTC may receive the excess as an income tax refund. On the other hand, an enrollee whose APTC for the taxable year exceeds the enrollee's premium assistance owes the excess to IRS as an additional income tax liability.

Managing Premium Assistance

- Consumers who experience changes in income and household size over the course of the year should report these changes to Covered California when they happen because those changes can affect the amount of their premium tax credits.

Managing Income Decreases

- Consumers whose income decreases may be able to get a higher advance payment of the premium tax credit for the rest of the year, which would lower their monthly premium payments (they may also receive more help with their cost-sharing).

Managing Income Increases

- Consumers whose income increases should report the change and have their credits for the rest of the year lowered to avoid having to pay back excess advance payments when they file their taxes.

Managing Household Changes

- Household changes which affect family income as a percentage of the federal poverty level, such as having a baby or having a child leave the home, will also affect the credit amount and should be reported.

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Managing Fluctuating Income

- An important way to avoid having to pay back advance payments at tax time -- especially for those consumers with income that fluctuates from year to year and those who anticipate substantial changes to occur -- is to take less than the premium assistance amount calculated based on their estimated income.

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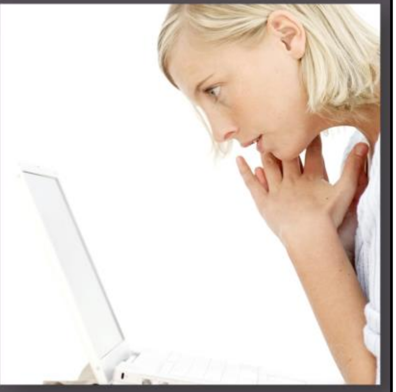
For example, if a family is eligible for $100 of APTC, they may choose to only take $75 in advance and receive the remaining APTC at tax filing.

Managing Employer Coverage Offers

- Consumers, who receive advance payments of the premium tax credit and who, partway through the year, receive an offer of employer coverage that is considered affordable and adequate should also report this change to Covered California, as should those who become eligible for other MECs, such as Medicare or Medi-Cal. Having other MECs would make consumers ineligible for premium credits.



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Key Points

- APTC is only available through Covered California, not through employer coverage or other private plans.
- APTC can be applied directly to the premium at the time an individual or family enrolls in health insurance, immediately reducing the monthly premium for the consumer.
- Alternatively, individuals and families can also choose to claim the tax credit when they file their taxes.

Key Points

- APTC is paid by the federal government directly to the health plan an individual or family chooses through Covered California.
- The amount of APTC (on a sliding scale) may be chosen by the consumer once they are determined eligible. Consumers can take less tax credit than they are eligible for to avoid APTC repayment during reconciliation with the IRS.
- APTC cannot be used to pay for a Minimum Coverage/ Catastrophic plan.

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FAQs

When will the advanced premium tax credit be applied?

- Premium tax credits can be applied to the cost of your health plan when you enroll. You do not need to wait until you file a tax return at the end of the year.

FAQs

I have insurance from my employer; can I apply for premium assistance?

- Covered California will determine if that health plan is affordable and provides adequate coverage. If you are paying more than 9.5 % of your household income toward insurance premiums for your self-only coverage, or your employer-sponsored health plan covers less than 60% of the total allowed costs of covered benefits provided to you, then you may be eligible for premium tax credit or financial assistance available through Covered California. If that coverage is determined to be affordable and adequate, then you cannot receive premium assistance for new insurance.

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FAQs

Is there a limit to how long individuals can receive premium assistance and subsidies?

- There is no limit to how long individuals can receive premium assistance and subsidies as long as they maintain the eligibility criteria prescribed by state and federal law.

Estimate APTC and Fair Share

- ***Fair Share Definition***
- ***Fair Share Estimation***
- ***Determine Premium Assistance***
- ***Fair Share Scenarios***
- ***Mixed Immigration Families***
- ***FAQs***

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Fair Share

APTC is based on the difference between a consumer's ***fair share*** *or* ***required share*** contribution to his or her health plan premiums, and the price of the second-lowest-cost silver tier plan available to that consumer.

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The IRS uses the term "required share" instead of "fair share".

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Fair Share and APTC

- APTC bridges the gap between a consumer's expected fair share contribution and the cost of the second-lowest-cost silver tier plan available to them.
- The amount of APTC does not need to be applied to a silver tier plan, however.

- A consumer may use APTC toward the purchase of a higher or lower tier plan.

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The APTC amount is capped at the actual premium for the plan selected by the consumer. For example, if the family is eligible for $250 APTC and they select a bronze plan with a premium of $245, the APTC amount is capped at $245.

Fair Share Estimation

The fair share is based on a sliding scale according to household income:

Household Income as % of FPL	Range of Fair Share as % of Household Income
Less than 138%	2% of income
138-150%	3-4% of income
150-200%	4-6.3% of income
200-250%	6.3-8.05% of income
250-300%	8.05-9.5% of income
300-400%	9.5% of income

The fair share dollar amount is estimated by multiplying the Fair Share % by the Monthly MAGI.

This table is scheduled to be adjusted by the ratio of premium growth to income growth for the 2015 tax year.

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Estimate Household Income as % of FPL

Formula:

1. Determine annual MAGI.
2. Estimate % of FPL.

   (Annual MAGI x 100) ÷ 100% of FPL for household size

Example:

A single man makes $30,000 annually

1. ($30,000 x 100) ÷ $11,670.00
2. 3,000,000 ÷ $11,670.00 = 257

Household Income as % of FPL = **257%**

Size of Family	FPL 100%
1	$11,670.00
2	$15,730.00
3	$19,790.00
4	$23,850.00
5	$27,910.00
6	$31,970.00
7	$36,030.00
8	$40,090.00

This table shows the 2014 FPL levels that will apply to 2015 benefit year, not this benefit year (we are still using the 2013 FPL levels for 2014 benefit year).
We are going to use this example to estimate the Fair Share Amount using the IRS formula.

Estimate Fair Share Amount

Formula:

1. Estimate monthly MAGI
   - Annual MAGI ÷ 12
2. Estimate Fair Share % *
   - (According to IRS formula)
3. Estimate Fair Share Amount
   - (Fair Share Percentage ÷ 100) x Monthly MAGI

** Note: If the % of FPL is between 300-400%, you can skip step 2. The result is always 9.5%*

This is a good time to bring out your pencil and paper and follow along.

Step 2 – Estimate Fair Share %

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Example

Household Income as % of FPL	Range of Household Income as % of FPL	Range of Fair Share as % of Household Income
257% (2.a)	250 -300% (2.a)	8.05 -9.5% (2.b) (2.d)

2. a. Consumer's Household Income % - Low Household Income %

    257% - 250% = 7

    High Household income % - Low Household Income %

    300% - 250% = 50

    Divide the first amount by the second amount

    7 ÷ 50 = .14

    b. Compute the difference between the high/low Range of Fair share %

    9.5 - 8.05 = 1.45

    c. Multiply the products of 2. a. and 2.b.

    .14 x 1.45 = .2

    d. Add 2.c. product to Low Range of Fair Share %

    .2 + 8.05 = 8.25 (Fair Share %)

The Range of Household Income as % of FPL and the Range of Fair Share as % of Household Income come from the table on slide 48.

Step 3 – Estimate Fair Share Amount

Example

Fair Share % (from step 2)	Monthly MAGI (from step 1)
8.25%	$2500

3. (Fair Share % ÷ 100) x Monthly MAGI

(8.25% ÷ 100) x $2,500

.0825 x $2,500 = $206 (Fair Share Amount)

Determine Premium Assistance

- Calculation of the tax premium is based on the price of the second-lowest-cost silver plan in the zip code where the consumer lives. In this example, it is the HealthNet Silver 70 PPO.
- In our example, the consumer is not expected to pay more than **$206** per month for this health plan and any difference in cost is made up by the tax credit in order for the coverage to be affordable.

Fair Share Scenario

	2nd lowest silver Premium – HealthNet	Tax credit to reach $206 for 8.25% affordability =	Net premium for 2nd lowest silver (affordability mark)	Lowest Bronze premium - Anthem	Resulting affordable premium with tax credit
43 year old Salary: 30k Zip Code: 93940	$449	$243	**$206**	$306	$63
33 year old Salary: 30k Zip Code: 93940	$396	$190	**$206**	$270	$80

- **The older the consumer, the higher the premium for this plan and thus the higher tax credit available.**
- **When applied to the lowest bronze in a region where the split between the second lowest silver rate and the lowest bronze rate is sizable, the bigger tax credit spend goes further.**

Note: The premiums displayed in this scenario may not be current and should be used as examples only.

Fair Share Scenario: Greater than Second-Lowest-Cost Silver Plan

- In cases where a consumer's fair share is greater than the premium rate of the second-lowest-cost silver plan, they will not receive APTC (premium assistance) because their premium is already considered affordable.

Example

- An individual making $37,000 in Sacramento County has a Fair Share of $292. The second-lowest-cost silver plan on which the APTC is based is $270 for a 26-year-old which means it's below the consumers fair share amount and they will not receive premium assistance.

Financial Assistance Scenarios

Scenario 1

Jane Smith, age 45, no children, living in Sacramento (zip code of 95814) with annual household income of $23,350 (200% FPL):

The annual premium for the second-lowest-cost silver plan in Jane's zip code is $4800 (about $400 a month). Jane's fair share percentage is 6.3% of her annual household income, and therefore, the most Jane would have to spend out of her own pocket on annual premiums would be about $1,471 (about $123 a month). The remainder of her premium for the second-lowest-cost silver plan would be covered in the form of APTC for $3,329 (about $277 a month). Jane can use this APTC toward the premiums for a more or less expensive plan of her choice.

Scenario 2

The Johnsons, a family of four (two 45-year-old adults and two children under age 18), living in Sacramento (zip code of 95814) with annual household income of $35,780 (150% FPL):

The annual premium for the second-lowest-cost silver plan in the family's zip code is $9,600 (about $800 a month). Johnsons' fair share percentage is 4.0% of their annual household income, and therefore, the most Johnsons would have to spend out of their own pockets on annual premiums would be about $1,431 (about $119 a month). The remainder of their premium for the second-lowest-cost silver plan would be covered in the form of APTC for $8,169 (about $681 a month). Johnsons can use this APTC toward the premiums for a more or less expensive plan of their choice.

Estimate APTC for Mixed-Immigration Families

***Estimate APTC amount for mixed-immigration-status tax-filing families*:**

- **Non-citizen individuals who are not lawfully present (for example, undocumented or individuals under the Deferred Action for Childhood Arrivals/DACA/DREAMERS) are ineligible for enrollment in a QHP and for APTC/CSR through Covered California.**
- **When a household/family includes such individuals, they will be excluded from the family size and the household income will be adjusted or revised according to the following IRS formula to account for the excluded family member.**

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Non-citizen individuals who are not lawfully present can still apply through CoveredCA.com since they may be eligible for Medi-Cal coverage.

IRS Formula for Estimating APTC for Mixed-Immigration Families

- Revised family size = Actual family size – the number of unlawfully-present family members.
- Revised annual household income = Actual annual household income x (100% FPL for the family size excluding the unlawfully-present individuals ÷ 100% FPL for the family size including the unlawfully-present individuals)

(Household Income) $*\left(\frac{(100\%\ FPL\ \ for\ (family\ size - n))}{(100\%\ FPL\ for\ family\ size)}\right)$ = Revised Income

Example: Estimating APTC for Mixed-Immigration Families

- Family of 3 with mom, dad, and their 10-year-old child but only the child is citizen/lawfully present living in zip code 90278 (Los Angeles County).
- Mom and dad are tax filers (they use their ITINs to file their tax return since they don't qualify for SSNs) and file their taxes "married filing jointly."
- Therefore, they may apply for coverage and APTC/CSR through Covered CA for their child (however, they will not be eligible to apply for themselves).

Example: Estimating APTC for Mixed-Immigration Families

- The family's actual annual household income = $56,287.33 for an actual family size of 3
- Revised family size = 1 (excluding the unlawfully-present parents)
- Revised annual household income for a family of 1 = 56,287.33 x (11,490 ÷ 19,530) = 56,287.33 x 0.59 = $33,209.52
- The revised household income for a family size of 1 falls at 287% FPL (33,209.52 ÷ 11,490)

Example: Estimating APTC for Mixed-Immigration Families

Based on the child's revised family size of one and the revised household income of $33,209.52 (287% FPL), although the family is eligible for APTC (but not for CSR) for the child (since revised household income is below 400% FPL), the tax household's APTC amount will be zero again because the monthly cost of the benchmark plan covering the 10-year-old child ($129.98) would be less than the family's monthly required/fair share of premiums ($254.05).

FAQs

If my income changes will my tax credit change immediately?

- No, your premium assistance will not change immediately. We will process your new information and we will tell you if the amount of your premium assistance changes. It is important to report income changes to Covered California that impact the amount of premium assistance (or tax credits) that you receive. If your income decreases, you may qualify to receive a higher amount of premium assistance and reduce your out-of-pocket expenses even more. However, if your income increases, you may receive too much premium assistance and may be required to repay some of it back when you file your taxes for the benefit year.

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FAQs

Can I receive premium assistance even if I am not required to file taxes?

- Premium Assistance is available to a person even if he or she is not required to file taxes nor has any tax liability. Even if you had not filed taxes for the previous year(s), you must attest (promise) that you will file taxes for the benefit year. (Example: 2015 filing for 2014 premium assistance).

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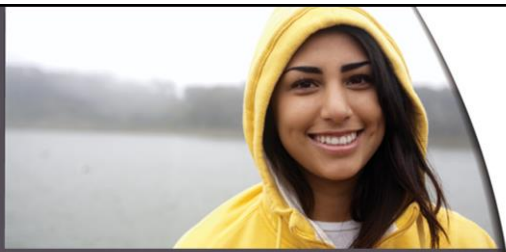
FAQs

If a consumer is eligible for APTC but later, due to a drop in income, the consumer becomes eligible for Medi-Cal; do they have to repay premium assistance (APTC)?

- If your income is verified as APTC eligible and then later you become Medi-Cal eligible, you do not have to repay the premium assistance (APTC) received as long as you report the income change within 30 days. It is your responsibility to report this change to Covered California so we can help you switch programs. You will have to claim all premium tax credits on your taxes.



Enter Information in CoveredCA.com

- *Employment Income*
- *Self-Employment Income*
- *Other Income*
- *Deductions*

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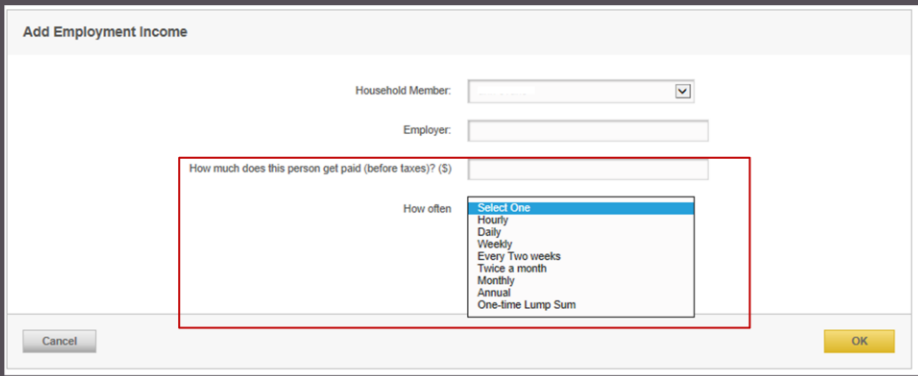
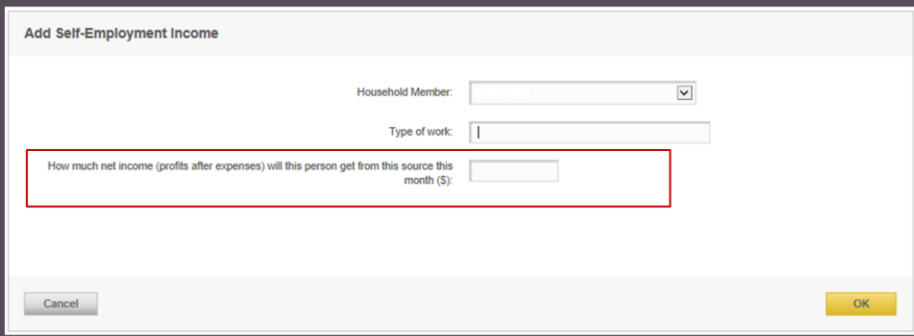
Employment Income



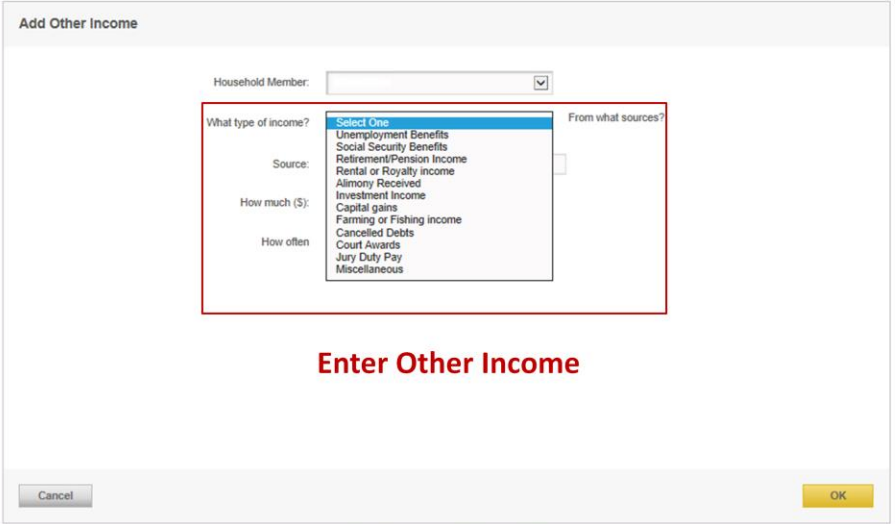
Enter how much this person is paid, before taxes, and select how often.

Self-Employment Income



Enter the self-employment net income (income minus business deductions, Line 37 on Form 1040).

Other Income



Other Income – Form 1040

- Taxable interest and ordinary dividend received or accrued during the taxable year (Lines 8a and 9a)
- Alimony received (Line 11)
- Business or Farm income (Lines 12, 18)
- Capital gains or other gains (Lines 13,14)
- Taxable amount of pension, annuity, or IRA (Lines 15b, 16b)
- Income from rental real estate, royalties, partnerships (Line 17)
- Unemployment compensation (Line 19)
- Non-taxable Social Security benefits. Social Security benefits include disability payments (SSDI), but do not include Supplemental Security Income (SSI), which should be excluded (Line 20b)
- Other taxable income (prizes, awards, gambling winnings) (Line 21)
- Tax-exempt interest Foreign earned income and housing expenses for Americans living abroad (Line 21)

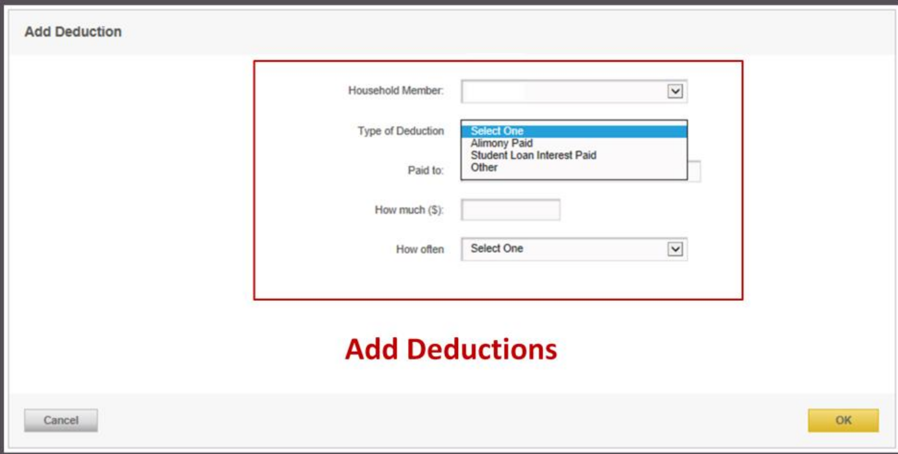
Income *Not Added* for MAGI – Form 1040

- Veterans' disability payments, workers' compensation or child support received.
- Pre-tax contributions, such as those for child care, commuting, employer-sponsored health insurance, flexible spending accounts and retirement plans such as 401(k) and 403(b), are not included in AGI but are not listed because they are already subtracted out of W-2 wages and salaries **(Line 25)**

Income Not Added for Medi-Cal

- Scholarships, awards, or fellowship grants used for education purposes and not for living expenses
- Certain American Indian and Alaska Native income derived from distributions, payments, ownership interests, real property usage rights, and student financial assistance
- An amount received as a lump sum is counted as income only in the month received

Add Deductions



Add Deductions – Form 1040

- Educator expenses **(Line 23)**
- Certain business expenses **(Line 24)**
- Health savings account deduction **(Line 25)**
- Moving expenses **(Line 26)**
- Deductible part of self-employment tax **(Line 27)**
- Self-employed SEP, SIMPLE, and qualified plans **(Line 28)**
- Self-employed health insurance deduction **(Line 29)**
- Penalty on early withdrawal of savings **(Line 30)**
- Alimony paid **(Line 31a)**
- IRA deductions **(Line 32)**
- Student loan interest **(Line 33)**
- Tuition and fees **(Line 34)**

Conclusion – Questions?

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