



Health Care Practice Tip October 2018

The new tax law could change your Medi-Cal or Covered CA eligibility!

Did you know that the new tax law might affect your eligibility for Medi-Cal or Covered CA premium assistance? There are changes in tax filing requirements that you should know about before you apply for or renew your Medi-Cal or Covered CA.

What changed?

Single Dependents under 65 only need to file a tax return if they earn more than \$12,000 this year. This is a big change from the old limit of \$6,350. And that also means that you might not file taxes in the same way this year as you did before.

How does this affect my application for health care?

Your eligibility for one program or the other might be different because of the new tax law. Both Medi-Cal and Covered CA's premium assistance have a rule that if a tax dependent is required to file taxes then the tax dependent's income will count to the rest of the household. Because the tax filing limit increased, the income of dependents that counted to the total household last year might not count this year.

Here is an example: Maria is married to Richard. They file taxes jointly and have a combined income of \$40,000. They have three children that they claim on their taxes: Xavier, Yeira, and Zachary. Xavier and Yeira are in elementary school and do not work. Zachary is 17 and works part-time at Subway after school. Last year, Zachary earned \$7,200. This year, he will earn \$8,400.

Tax filing year 2017	Tax filing year 2018
Household size: 5 people	Household size: 5 people
Maria & Richard: \$40,000	Maria & Richard: \$40,000
Zachary: \$7,200	Zachary: \$8,400
Tax filing threshold for dependents: \$6,350	Tax filing threshold for dependents: \$12,000
Zachary's income is above the limit for dependents so Zachary is required to file taxes. His entire income counts to the rest of the household.	Zachary's income is <i>below</i> the limit for dependents so Zachary is <i>not</i> required to file taxes. His income <i>does not count</i> to the rest of the household.
Total household income: \$47,200 (164% FPL)	Total household income: \$40,000 (136% FPL)
Eligibility: Maria & Richard = Covered CA with APTC Xavier, Yeira, and Zachary = Medi-Cal	Eligibility: <i>Entire family eligible for Medi-Cal</i>

What do I need to know when I apply or renew?

The joint Medi-Cal and Covered CA application on www.coveredca.com the application asks you to answer the following questions:

- Who plans to file taxes?
- Who in your household is *expected to be required to file taxes*?

Here are five tips to handle these questions

1. *Answer carefully!* Look at the income your tax dependents earned or expect to earn in 2018 and compare it to the \$12,000 threshold.

2. *Remember, the application does not do the math for you.* If you mark that a dependent is “expected to be required to file taxes” then whatever income you put in will count to the rest of the household even if it is below the limit.

3. *Consult a certified enrollment counselor or application assistant* if you have questions about how to apply or renew. Click [here to find application help near you](#).

4. *Contact the Health Consumer Alliance* at 800-804-3536 if you have any questions about your eligibility for health care programs.

5. *Talk to a tax expert if you are unsure how you plan to file your taxes.* You can find free tax help by consulting the IRS website: <https://irs.treasury.gov/freetaxprep/>. Make sure that your tax preparer understands the new tax rules. Here is a [draft](#) of the 1040 instructions for 2018.

For Maria and Richard, they might fill out their 2018 renewal like this:

Household Menu Your answers will be saved

Select all household members you expect will be required to file taxes in 2018. ⓘ

 Richard M. 40 yrs	 Maria M. 41 yrs	 Zachary 17 yrs	Nobody expects to be required to file taxes
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Cancel Confirm

If you have any questions about this practice tip or eligibility for California's health programs, please contact Cori Racela at cracela@wclp.org.

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