

Household Determination and the Application

BeWell Essentials: Part 2 of 8



Introduction

Consumers have varying degrees of health insurance literacy. Helping them prepare and know what they will need for their application will ensure an easier, more positive experience. Assistants should be aware of what will be needed during the application process to ensure efficiency and ease when applying.

Main Topics

- Identity proofing
- Household information
- What to include on an application
- Tax filing changes

Identity Proofing (1 of 5)

- What is Identity Proofing?
 - Identity proofing verifies the consumer's identity to prevent another individual from creating a BeWell account and/or applying for health coverage without the consumer's knowledge.
 - After creating an account on the [BeWell website](#), consumers will have to verify their identity to protect their personally identifiable information (PII).
- **Note:** Only consumers who are new to BeWell will be required to go through the identity proofing process.

Identity Proofing (2 of 5)



- How does it work?
 - Identity is verified through a series of questions based on information in a consumer's credit report maintained by Experian, a consumer reporting agency.
 - The questions will vary between individual consumers but may include questions to which only the consumer is likely to know the correct answer.

Identity Proofing (3 of 5)

- BeWell does not require a consumer to submit documentation to verify their identity unless remote identity proofing is unsuccessful.
- However, assisters should advise consumers it may be helpful to have certain information and documents with them to help them respond to the identity verification questions like:
 - Addresses and counties of current and past places lived;
 - Auto ownership details (e.g., license plate number);
 - Names of current and past employers;
 - Name of credit card lenders;
 - Years and months accounts were opened; and
 - Loan information (e.g., mortgages, auto, student, or home equity loans).
 - Names of the lenders
 - Loan amounts
 - Terms of the loan (i.e., the number of months or years)

Identity Proofing (4 of 5)



Identity proofing does not affect the consumer's credit score. However, consumers who have a lock on their credit report information may need to contact their credit reporting agency to unlock this information prior to the application process.

Identity Proofing (5 of 5)

- If a consumer is unable to successfully complete the remote identity proofing process, they will be notified in real time and provided information on documents needed to complete ID proofing.
- This is called manual identity proofing. The consumer will be mailed a notice and given instructions to provide additional needed information.
 - **Note:** Manual identity proofing is expedited, and the CEC will let a consumer know what the process is complete, or assisters can call the Customer Engagement Center (CEC) at 1-833-862-3935 for assistance.

Household Information

- BeWell determines eligibility for the premium tax credit (PTC) and cost-sharing reductions (CSR) using Internal Revenue Service (IRS) tax household rules.
- Federal rules also set the method of determining household size for Medicaid eligibility.
 - **Note:** The household for Medicaid and the tax household for the PTC and CSR may be different.
- Household information, including income, is collected on the financial assistance application. The BeWell system will first assess whether an individual is eligible for Medicaid. The tax household is then assessed for the PTC and CSR.

Who is Included in a Tax Household?

- Individuals and families should complete one Marketplace application per tax household.
 - Tax households includes tax filer(s) and any individuals who are claimed as dependents on the tax filer(s) federal income tax return.
 - If two consumers file federal income taxes together using the same federal income tax return, they are considered part of the same tax household.

Do **Not** Include the Following People on the Application

- An unmarried partner.
- An unmarried partner's children, if the children are not the applying consumer's children or tax dependents.
- Parents who live with the consumer but file their own tax returns and are not tax dependents of the consumer.
- Other relatives who file their own tax returns and are not tax dependents of the consumer (and spouses, if applicable).

Complex Households

- A household can include various relationships. Complex households include:
 - A household where the number of people identified within the tax household is different than the number of people needing insurance;
 - Multiple tax households living in one residence;
 - Applicants in a single tax household who want to enroll in more than one insurance plan; and
 - Multiple individuals in the same household who qualify for different programs.

Household Information and Applying for Financial Help

- When applying for financial help (e.g., PTC or CSR), include the following individuals:
 - The tax filer;
 - The joint tax filer (i.e., a spouse), if applicable;
 - Anyone the consumer includes as a tax dependent (such as a child or disabled relative), even if the tax dependents do not live with the consumer or they have their own tax filing requirement;
 - Children who live with the consumer, even if they make enough money to file a tax return themselves; and/or
 - Anyone else under age 21 whom the consumer takes care of and who lives with them.

What to Include on an Application: Preparing to Apply



- Consumers need to provide the following information when applying:
 - Contact information;
 - Personal information for each applicant (e.g., name, date of birth, relationship to the consumer);
 - Family and household structure; and
 - Citizenship or immigration status for each applicant (but not for non-applicants).
- If applying for financial assistance consumers should also have their:
 - Tax filing information;
 - Household income information; and
 - Information regarding access to other coverage (e.g., job-based coverage).

What to Include on an Application: Tax Filing Status



- Tax filing status helps determine both the household size and whose income should be counted.
 - Single
 - Unmarried, or legally separated or divorced (as defined by state law).
 - Married Filing Jointly
 - A person is legally married, whether living with or apart from their spouse and files taxes together with their spouse.
 - Married Filing Separately
 - A person is legally married, whether living with or apart from their spouse and files taxes separately from their spouse.
- **Note:** Please view the [IRS website](#) or consult a tax preparer as what is included here is not tax or legal advice.

What to Include on an Application: Tax Filing Status (Continued)



- Head of Household
 - A person who is unmarried or considered unmarried for tax purposes and who pays more than half of the costs of keeping up the home for a qualifying person whom they will claim as a dependent.
- Qualifying Widow(er) with Dependent Child
 - A person who has a spouse who passed away in the two previous tax years, has a child or stepchild who meets the definition of a qualifying child, and who pays for more than half the cost of keeping up the home for that child.
- **Note:** Applicants should check with a tax professional if they are unsure of their tax filing status.

What to Include on an Application: Marital Status

- Married tax filers will receive the PTC only if their tax filing status is married filing jointly unless this IRS rule is met:
 - The tax filer is married, is living separately from their spouse, and filing as married filing separately because of:
 - Domestic abuse; and/or spousal abandonment (unable to locate spouse with due diligence).

What to Include on an Application: Marital Status (Continued)



- Married but marking 'unmarried' in the application
 - The application asks whether the consumer is married. Consumers should select no if they are:
 - Unmarried for tax-filing purposes;
 - Will be legally separated or divorced on or before December 31;
 - Will file taxes as the Head of Household for the year that they are seeking coverage, even if legally married; and/or
 - Filing federal income taxes separately due to domestic violence or spousal abandonment.

What to Include on an Application: Tax Dependents

- The following are defined by the IRS as tax dependents:
 - Qualified Child
 - Child, stepchild, foster child, brother, sister, stepbrother, stepsister, or a descendant of any of them.
 - Lived with tax filer for more than six months.
 - Did not provide more than half of their own support for the year.
 - Is younger than the tax filer and under age 19 at end of the year, or under 24 if a full-time student.
 - If disabled, there is no age limit.
 - **Note:** Individuals who are 26-years-old can be on a parent's insurance plan but are not considered tax dependents.

What to Include on an Application: Tax Dependents (Continued)



- The following qualified relatives are defined by the IRS as tax dependents:
 - Cannot be claimed as a qualified child.
 - Does not have more than \$4,700 gross income (for 2024).
 - Is supported (generally more than 50%) by the tax filer.
 - Is related to the tax filer or lives in the tax filer's home all year.
 - **Note:** For Marketplace coverage, the grandchild can only be on the grandparent's plan if the grandparent is the legal guardian.

Tax Filing Changes (1 of 3)



- Changes to marital status, projected tax filing status, and tax dependent relationships should be reported on the application in a timely manner.
 - Eligibility for health insurance affordability programs will then be redetermined. Some eligibility changes may qualify as events that open a Special Enrollment Period (SEP).
 - When applying for the PTC, the information collected includes the marital status and tax filing status at the time of the application. The application also collects information about people expected to be claimed as dependents. These may change during the year, or they may be unclear until tax filing time.

Tax Filing Changes (2 of 3)



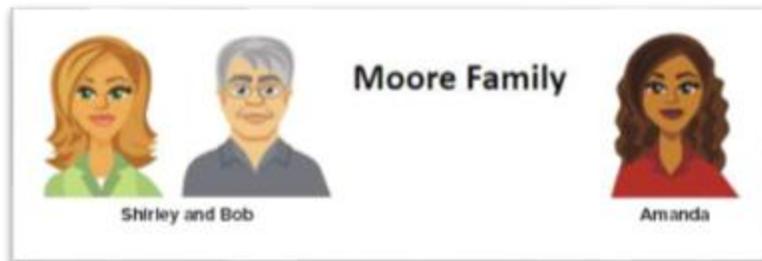
- The IRS guides tax filers, when selecting tax filing status, to consider their marital status on the last day of the calendar year for which they are filing.
- To maintain accurate eligibility for the PTC and/or CSR, consumers should report their current tax filing status with BeWell when they apply. After the change in their tax filing status occurs, they should log back into their account to report the change as soon as possible.

Tax Filing Changes (3 of 3)



- Applicants who are unsure about whether they will claim an individual as a tax dependent in the upcoming year should speak with a tax professional to determine their tax household size **before** filling out an application.
- Applicants who are divorced may also want to review any court orders that allocate tax dependency between the ex-spouses for a period of years.

Tax Filing Changes: Example



- Shirley and Bob claimed Amanda as a tax dependent for 2024.
- Shirley and Bob are not sure whether Amanda will be their tax dependent for 2025 (depending on where she lives after graduation, her income status, her marital status, etc.).
- Amanda is a 21-year-old college student in 2024, who was claimed as a dependent on all previous years.
- Amanda will be graduating in 2024, and it is uncertain what her status will be.
- If Shirley and Bob initially believe that Amanda will be their tax dependent in 2024, but later find that she will file her taxes separately, Shirley and Bob should report that change in household to the Marketplace as soon as they decide. The Marketplace will redetermine their eligibility accordingly.

Key Points

- Consumers have varying degrees of health insurance literacy. Helping them understand what they will need when applying will ensure an easier, more positive experience.
- Identity proofing verifies the consumer's identity to prevent another individual from creating a BeWell account and/or applying for health coverage without the consumer's knowledge.
- BeWell determines eligibility for the PTC and CSR using IRS tax household rules. When helping consumers, assisters should be prepared to provide information on all members of the household, tax relationships, dependents, etc.
- Changes to marital status, projected tax filing status, and tax dependent relationships should be reported on the application in a timely manner. Some eligibility changes may qualify as events that open an SEP for the consumer.



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Health Insurance
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