

To figure out if you qualify for financial assistance for 2018, Covered California needs to know how much money your household expects to make during the next year – the year you will have the insurance. That’s an easy question to answer if you have a steady income from a job or other regular, predictable income, but it may not be so easy if you have unsteady or hard-to-predict income from self-employment, sales commissions, seasonal work, or another form of income.

# What Income Do I Report?

You should report the expected income for your entire taxable household for the year that you want health insurance. If you are applying for insurance that starts in January 2018, you will need to estimate your future income for 2018. Covered California calculates your income based on your “Modified Adjusted Gross Income” (MAGI). For most people, MAGI will be the Adjusted Gross Income (AGI) that is on your federal tax return. Since you are predicting income for the future, it is important to estimate as accurately as possible, but it will be possible to update Covered California later if you guess wrong.

## Where to Find Your Income

Your "household" includes everyone claimed on your tax return. That includes the "head of household," spouse, dependent children, and any other family members who live with you and you support financially. It doesn't include roommates or partners who file their own taxes.

If you report income on **Line 8b**, you have to add it to your AGI (**Line 37**) to get your MAGI.

All Social Security benefits count towards MAGI, not just the taxable amount.

For most households, MAGI will be the "adjusted gross income" reported on **Line 37** of your Form 1040 tax return. It can also be found on **Line 4** of a Form 1040EZ, and **Line 21** of a Form 1040A.

## How is my Income Verified?

When you apply for a health care plan and financial assistance, Covered California will check the income you reported and compare it to the information that the Internal Revenue Service (IRS) has on file for you. This is called “income verification.” Covered California does this by electronically asking the IRS database and other databases if what you reported is the same as what they have on file. The IRS information comes from your latest income tax return. When you apply for coverage in 2018, that’s probably going to be your 2016 tax return.

If the income you report to Covered California is *lower* than what is on file, or if Covered California cannot find any electronic data on your income (for example, if you have not filed a recent tax return), they may ask you to provide more information to prove that your guess is accurate. You will be able to sign up for health insurance and receive financial assistance temporarily while you are confirming your information. However, if you don’t verify your income within 90 days, your tax credits may end or change to match the information in the electronic files. Learn more about financial help from our **Financial Assistance from Covered California** factsheet.

### Documents to submit to verify your income:

#### Employer Wages:

- Your most recent W-2
- Your most recent Tax Form 1040
- A recent pay stub
- A letter from your employer

#### Self-employment income:

- Your most recent Tax Form 1040
- Your most recent profit and loss statement
- Bookkeeping records or a self-prepared ledger that shows income and deductible expenses

#### Social Security:

- Social Security Benefits Letter

#### Other income:

- Your most recent Tax Form 1099
- Veterans Benefits Letter
- An interests and dividends income statement

### Updating your income with Covered California

It is important to tell Covered California about changes in your household size or income, because these are part of how your financial assistance is calculated. For example, if your income turns out to be *lower* than you thought, Covered California might be able to give you more financial help. However, if your income turns out to be *higher* than you expected, then you will likely receive too much premium assistance, and you may have to pay back the difference at tax time.

You can report changes in your income through your online account, or by calling Covered California at **(800) 300-1506**.

### Want more information? Check these out:

*FAQs for Enrolling in Covered California*

*Bronze, Silver, Gold, or Platinum: How to Choose the Right Level of Coverage*

*Is My Doctor in a Covered California Plan? Why “Networks” Matter*

*Cost-Sharing: Understanding Copayments, Coinsurance, and Deductibles*

*Financial Assistance from Covered California*

Find the these factsheets and more at  
**ConsumersUnion.org/CalHealthInsuranceHelp**