

Topic: Reporting Income

The Insure Montana program requires all eligible employees to report their gross household income annually. The gross household income is part of a formula that Insure Montana uses to calculate the monthly subsidy payment that is referred to as the “employee assistance” payment for each eligible participating employee.

Below are some FAQs regarding reporting income:

- Q: Do I have to report my spouse’s income if he or she is not covered under the group health policy?

A: YES, Insure Montana is a subsidy program, and it is required that each eligible participating employee report his or her total gross household income.

- Q: If I am the owner of the business, and participating on the group health insurance policy, do I have to report my gross household income or only the income I make from the business?

A: All eligible employees, including owners that participate in the group health insurance policy, are required to report total gross household income from all sources.

- Q: I am the owner of the business, what income should I report when answering the question regarding earning \$75,000 in annual income?

A: As the business owner, it would be the gross income that you have received from the business participating in Insure Montana or any related or affiliated businesses.

- Q: My income has changed, when and how do I report this?

A: Income must be re-reported at renewal and when there is a change in household composition, such as the birth or adoption of a child, marriage, divorce, separation, or death of a family member. Income may also be re-reported when there is a change due to reduction of work hours, loss of a job, or retirement. Income changes must be reported using the Purchasing Pool Change Form, and will be effective with the next scheduled payment. Changes are not made retroactively.

- Q: What is the best way to report gross household income?

A: The most accurate place to find your gross household income would be to refer to the most current tax return form 1040 that has been filed, and report the gross household income from Line 22.

- Q: Does Insure Montana count child support as Income?

A: No, child support is not taxable income and therefore is not counted toward your gross household income.

- Q: My income will be lower this year than last year. Must I report the amount on my prior year’s IRS Form 1040?

A: No, Insure Montana does permit reporting of prospective income, provided that it may be verified with current wage stubs.

➤ Q: What if I do not have a current 1040? What other ways is there to report gross household income?

A: Insure Montana uses the definition of “Wages” as defined by the following Montana Code:

39-71-123. Wages defined. (1) "Wages" means all remuneration paid for services performed by an employee for an employer, or income provided for in subsection (1)(d). Wages include the cash value of all remuneration paid in any medium other than cash. The term includes but is not limited to:

(a) commissions, bonuses, and remuneration at the regular hourly rate for overtime work, holidays, vacations, and periods of sickness;

(b) back pay or any similar pay made for or in regard to previous service by the employee for the employer, other than retirement or pension benefits from a qualified plan;

(c) tips or other gratuities received by the employee, to the extent that tips or gratuities are documented by the employee to the employer for tax purposes;

(d) income or payment in the form of a draw, wage, net profit, or substitute for money received or taken by a sole proprietor or partner, regardless of whether the sole proprietor or partner has performed work or provided services for that remuneration;

(e) board, lodging, rent, or housing if it constitutes a part of the employee's remuneration and is based on its actual value; and

(f) payments made to an employee on any basis other than time worked, including but not limited to piecework, an incentive plan, or profit-sharing arrangement.

(2) The term "wages" does not include any of the following:

(a) employee expense reimbursements or allowances for meals, lodging, travel, subsistence, and other expenses, as set forth in department rules;

(b) the amount of the payment made by the employer for employees, if the payment was made for:

(i) retirement or pension pursuant to a qualified plan as defined under the provisions of the Internal Revenue Code;

(ii) sickness or accident disability under a workers' compensation policy;

(iii) medical or hospitalization expenses in connection with sickness or accident disability, including health insurance for the employee or the employee's immediate family;

(iv) death, including life insurance for the employee or the employee's immediate family;

(c) vacation or sick leave benefits accrued but not paid;

(d) special rewards for individual invention or discovery; or

(e) monetary and other benefits paid to a person as part of public assistance, as defined in [53-4-201](#).

(3) (a) Except as provided in subsection (3)(b), for compensation benefit purposes, the average actual earnings for the four pay periods immediately preceding the injury are the employee's wages, except that if the term of employment for the same employer is less than four pay periods, the employee's wages are the hourly rate times the number of hours in a week for which the employee was hired to work.

(b) For good cause shown, if the use of the last four pay periods does not accurately reflect the claimant's employment history with the employer, the wage may be calculated by dividing the total earnings for an additional period of time, not to exceed 1 year prior to the date of injury, by the number of weeks in that period, including periods of idleness or seasonal fluctuations.

(4) (a) For the purpose of calculating compensation benefits for an employee working concurrent employments, the average actual wages must be calculated as provided in subsection (3). As used in this subsection, "concurrent employment" means employment in which the employee was actually employed at the time of the injury and would have continued to be employed without a break in the term of employment if not for the injury.

(b) Except as provided in [39-71-118\(7\)\(c\)](#), the compensation benefits for a covered volunteer must be based on the average actual wages in the volunteer's regular employment, except self-employment as a sole proprietor or partner who elected not to be covered, from which the volunteer is disabled by the injury incurred.

(c) The compensation benefits for an employee working at two or more concurrent remunerated employments must be based on the aggregate of average actual wages of all employments, except for the wages earned by individuals while engaged in the employments outlined in [39-71-401\(3\)\(a\)](#) who elected not to be covered, from which the employee is disabled by the injury incurred.

(5) For the purposes of calculating compensation benefits for an employee working for an employer, as provided in [39-71-117\(1\)\(d\)](#), and for calculating premiums to be paid by that employer, the wages must be based upon all hours worked multiplied by the mean hourly wage by area, as published by the department in the edition of Montana Informational Wage Rates by Occupation, adopted annually by the department, that is in effect as of the date of injury or for the period in which the premium is due.

If you have further questions regarding reporting income, please contact Insure Montana staff at any time.