

California's Senate Bill 78 – Individual Coverage Mandate Effective 1/1/2020

SUMMARY OVERVIEW:

The California individual mandate (Senate Bill 78) was passed by the California Legislature requiring every California resident to maintain minimum essential coverage (MCE) throughout the year.

Under the mandate, those who do not maintain qualifying health insurance coverage could face a financial penalty.

Beginning in 2020, California residents must either:

- have qualifying health insurance, or
- pay a penalty when they file their state tax return, or
- obtain an exemption from the requirement to have coverage

Many people already have qualifying health insurance coverage, including employer-sponsored plans, coverage purchased through Covered California or directly from insurers, Medicare, and most Medicaid plans.

DETAILS:

Penalty and Exemptions

Generally speaking, the penalty will be \$695 or more when you file your 2020 state income tax return in 2021 for tax year 2020. The penalty for a dependent child is half of what it would be for an adult. A typical family of four that goes uninsured for the whole year would face a penalty of at least \$2,000.

The penalty will be applied by the California Franchise Tax Board when you file your state tax return. For information about the penalty, including the amount your family could owe for not having coverage in 2020, visit the [Franchise Tax Board's website](#).

Exemptions

Most exemptions may be claimed on a state income tax return while filing taxes. Covered California also processes certain exemptions. See below for more details about exemption types and how to claim them. If you are looking to apply for an exemption prior to January 1, 2020, visit the [healthcare.gov website](#).

Exemptions Processed by the Franchise Tax Board

Claim these exemptions on your California income tax return. Visit the [California Franchise Tax Board website](#) for more details.

- Income below the state tax-filing threshold (you may still choose to file taxes).
- A short coverage gap of three consecutive months or fewer.
- Health coverage is unaffordable, based on actual income reported on your state income tax return while filing taxes.
- Certain non-citizens who are not lawfully present.
- Citizens living abroad or residents of another state.
- Members of a health care sharing ministry.
- American Indians and Alaska Natives.
- Incarceration (other than incarceration pending the disposition of charges).
- Enrolled in limited-scope or restricted-scope Medi-Cal or other similar coverage.

Exemptions Processed by Covered California

Covered California will process exemptions for the following reasons. These exemptions require an exemption application, which will be available in 2020.

Religious Conscience

- A member of a recognized religious sect or division who is opposed to acceptance of the benefits of any private or public insurance.
- A member of a religious sect or division who relies solely on a religious method of healing.

Affordability Hardship

- Health coverage is unaffordable, based on projected income.
 - **Individual:** When the cost of the lowest-cost Bronze plan, minus any premium assistance available through Covered California or the lowest cost employer-sponsored, employee-only plan, is more than 8.24 percent of projected income.
 - **Household:** When the cost of the lowest-cost employer-sponsored family plan, which covers all employee's dependents, is more than 8.24 percent of projected income.

General Hardship

- Experienced homelessness.
- Was evicted in the past six months or is facing eviction or foreclosure.
- Utility shut off.
- Domestic violence.
- Death of a close family member.
- Natural disaster (i.e. fire, flood, or human-caused disaster).
- Bankruptcy.
- Medical expenses that resulted in substantial debt.
- Unexpected increases in necessary expenses or decreases in household income due to divorce/separation, unexpected or sudden disability, or caring for an ill, disabled or aging family member.
- Appeals decision shows eligibility for enrollment through Covered California when not actually enrolled.
- Other (granted on a case-by-case basis).
- Medical Support Order.

Catastrophic Coverage Is Available for Certain Exemptions

Consumers age 30 or older with an affordability hardship or a general hardship through Covered California can buy catastrophic coverage if they choose. These consumers will get an Exemption Certificate Number (ECN) from Covered California and may buy a catastrophic plan directly from the insurance company of their choice.

If you are seeking an exemption to buy a catastrophic plan, consider a Bronze plan. The premium for a Bronze plan is often similar to the premium for a catastrophic plan, and you may qualify for financial help.

ASSISTANCE CONTACT:

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