

California Minimum Essential Coverage Individual Mandate

We are sharing this information so you can be prepared to educate your clients on this new California requirement.

The California Legislature created the Minimum Essential Coverage Individual Mandate by enacting Senate Bill 78. The mandate took effect on January 1, 2020 and requires Californians to maintain minimum essential health coverage for each month on or after that date.

Californians who fail to have qualifying health coverage will owe a state penalty for each month they lack coverage. Californians who owe a penalty will pay when they file their tax year 2020 state income tax return in 2021. **Note: this does not affect tax year 2019 returns.**

To avoid this penalty, California residents need to have qualifying health insurance for themselves, their spouse, and their dependents beginning on January 1, 2020. Covered California, the state's insurance marketplace, will provide financial assistance to some households that meet certain income requirements and will issue certificates of exemptions to individuals who are exempt from the mandate. For more details, visit the Franchise Tax Board's webpage.

- 1. Californians must have health coverage:** Californians must have health insurance beginning January 1, 2020. In general, a taxpayer who fails to secure health insurance will face a penalty when filing their 2020 tax return in 2021.
- 2. Exemptions available:** Most exemptions from the mandate will be claimed when filing 2020 state income tax returns in early 2021. Additional exemptions will be granted through Covered California beginning in January 2020.
- 3. Financial assistance available:** Covered California has financial assistance available for Californians to purchase health insurance.

To find out more about health insurance options and financial assistance, visit [CoveredCA.com](https://www.coveredca.com).

For information about the penalty for not having qualifying coverage, visit [FTB.CA.GOV](https://www.ftb.ca.gov).