



# Covered California: Applications for Exemption from the Shared Responsibility Fee

Update: Jan. 14, 2014

## What is the shared responsibility fee?

The shared responsibility fee is also called the “shared responsibility payment” and the “tax penalty.” All three are the same thing. Individuals who do not have health insurance in 2014 may have to pay a fee on their taxes.

- For 2014, the fee is \$95 or 1 percent of yearly income per person, whichever is larger. The fee will not be larger than the national average yearly premium for a Bronze plan, which is a type of plan that pays on average 60 percent of the cost of care.
- The fee will increase in 2015 and 2016. In 2015, the fee will be 2 percent of income or \$325 per person, whichever is larger. In 2016, the fee will be 2.5 percent of income or \$695 per person, whichever is larger.

## What is an exemption from the fee?

You will have to pay a shared responsibility fee when you file your taxes if you do not have health insurance or an exemption. There are nine ways to qualify for an exemption from the shared responsibility fee. Covered California™ does not run the exemption process. Exemption applications are now available from the federal government. For more information and links to the applications, visit <https://www.healthcare.gov/exemptions>. If you have questions about exemptions from the shared responsibility fee, call the federal Marketplace Services at (800) 318-2596.

## Am I eligible for an exemption from the shared responsibility fee?

You can apply to the federal Marketplace Services to see if you meet one of these nine different ways to qualify for an exemption:

- You are uninsured for less than 3 months of the year.
- The lowest-priced coverage available to you would cost more than 8 percent of your household income.
- You do not have to file a tax return because your income is below the filing threshold.
- You are a member of a federally recognized tribe or eligible for services through an Indian Health Services provider.

- You are a member of a recognized health care sharing ministry.
- You are a member of a recognized religious sect with religious objections to insurance, including Social Security and Medicare.
- You are in prison and not waiting for a disposition of charges against you.
- You are not lawfully present in the United States.
- You are experiencing a qualifying hardship. (Visit <https://www.healthcare.gov/exemptions> to learn more about qualifying hardships.)

### **How and when do I apply for an exemption?**

Start by filling out an application for the type of exemption you think you should get (see the table on page 3). Then, send the completed application to the address listed on the application. Do not send your application to Covered California.

You can claim some exemptions when you file your 2014 federal tax return, which is due in 2015.

If you wish, you may apply for some exemptions before you file your federal tax return. Please refer to the table below to see which exemptions you can or cannot claim on your tax return.

### **I received a letter from my insurance company canceling my plan. Do I complete an exemption application?**

There is an exemption for people who got a plan cancellation letter. See the “Plan Cancellation Letters and Minimum Coverage” document at [https://www.coveredca.com/FAQs/FAQ-PDFs/Exemptions\\_and\\_Min\\_Cov\\_FAQ.pdf](https://www.coveredca.com/FAQs/FAQ-PDFs/Exemptions_and_Min_Cov_FAQ.pdf).

### **How will I know if my exemption request has been approved?**

The federal government should respond to your application within two weeks. If you do not hear from anyone, call (800) 318-2596.

### Applications for Exemptions from the Shared Responsibility Fee

You may qualify for an exemption if:	How to apply:	When to apply:
You are uninsured for <b>less than 3 months</b> of the year.	You do not need to file an application.	This will be addressed when you file your 2014 federal tax return.
The lowest-priced coverage available to you, including any premium assistance that you qualify for, would cost <b>more than 8 percent of your household income</b> .	Complete the application at <a href="http://marketplace.cms.gov/getofficialresources/publications-and-articles/affordability-sbm-exemption.pdf">http://marketplace.cms.gov/getofficialresources/publications-and-articles/affordability-sbm-exemption.pdf</a> or claim the exemption on your 2014 federal tax return. You will need to apply for coverage through Covered California's website so that you can print how much premium assistance is available to you and how much the cheapest Bronze plan would cost you.	You can apply now or when you file your 2014 federal tax return, which is due in April 2015.
You do not have to file a tax return, because your <b>income is too low</b> . (Learn about the filing limit at <a href="http://www.irs.gov/pub/irs-pdf/p501.pdf">http://www.irs.gov/pub/irs-pdf/p501.pdf</a> .)	You do not need to file an application.	No action is required.
You are a member of a <b>federally recognized tribe</b> .	Complete the application at <a href="http://marketplace.cms.gov/getofficialresources/publications-and-articles/tribal-exemption.pdf">http://marketplace.cms.gov/getofficialresources/publications-and-articles/tribal-exemption.pdf</a> or claim the exemption on your 2014 federal tax return.	You can apply now or when you file your 2014 federal tax return, which is due in April 2015.
You are eligible for services through an Indian Health Services provider.	Complete the application at <a href="http://marketplace.cms.gov/getofficialresources/publications-and-articles/tribal-exemption.pdf">http://marketplace.cms.gov/getofficialresources/publications-and-articles/tribal-exemption.pdf</a> .	You can apply anytime during the 2014 taxable year.

<b>You may qualify for an exemption if:</b>	<b>How to apply:</b>	<b>When to apply:</b>
You are a member of a recognized <b>health care sharing ministry</b> .	Complete the application at <a href="http://marketplace.cms.gov/getofficialresources/publications-and-articles/sharing-ministry-exemption.pdf">http://marketplace.cms.gov/getofficialresources/publications-and-articles/sharing-ministry-exemption.pdf</a> or claim the exemption on your 2014 federal tax return.	You can apply now or when you file your 2014 federal tax return, which is due in April 2015.
You are a member of a recognized religious sect with <b>religious objections</b> to insurance, including Social Security and Medicare.	Complete the application at <a href="http://marketplace.cms.gov/getofficialresources/publications-and-articles/religious-sect-exemption.pdf">http://marketplace.cms.gov/getofficialresources/publications-and-articles/religious-sect-exemption.pdf</a> .	You can apply anytime during the 2014 taxable year.
You are <b>in prison</b> and are not waiting for a disposition of charges against you.	Complete the application at <a href="http://marketplace.cms.gov/getofficialresources/publications-and-articles/incarceration-exemption.pdf">http://marketplace.cms.gov/getofficialresources/publications-and-articles/incarceration-exemption.pdf</a> or claim the exemption on your 2014 federal tax return.	You can apply now or when you file your 2014 federal tax return, which is due in April 2015.
You are <b>not lawfully present</b> in the United States.	You do not need to file an application.	No action is required.
You are experiencing a qualifying <b>hardship</b> . Learn more at <a href="https://www.healthcare.gov/exemptions/">https://www.healthcare.gov/exemptions/</a> .	Complete the application at <a href="http://marketplace.cms.gov/getofficialresources/publications-and-articles/hardship-exemption.pdf">http://marketplace.cms.gov/getofficialresources/publications-and-articles/hardship-exemption.pdf</a> .	You can apply anytime during the 2014 taxable year.