



Important News

Your Tax Credits and Getting Ready for Filing Taxes

You are getting this letter because you get tax credits to help pay your health insurance premiums. It is very important for you to understand what this means.

- The tax credit is federal premium assistance. If you take your tax credit in advance, it lowers what you pay for your insurance each month. How much advance premium tax credit you get is based on how much money you make, your tax household size and where you live. The bill you get from your insurance company is less than you actually owe, because of the tax credit you receive. Your tax credit is paid directly to your health insurance company by the Internal Revenue Service (IRS) on your behalf.
- You may also get cost-sharing reductions. Cost-sharing reductions lower the bill you pay when you visit a doctor or hospital or fill your prescriptions. They also lower your deductible. (The deductible is the money you have to pay for health services each year before your insurance begins paying.)

Why is it important to correctly report my income and household size?

If you get tax credits, even if you don't usually file taxes, you will have to file taxes this year. At tax time, the IRS will check to see if the taxable income you reported to Covered California is the same as the taxable income you report for 2014. The IRS will see if your family size is the same, too. The IRS will compare the advance premium tax credits you got during the tax year with what you qualify for based on your tax return. This is known as "reconciliation," and because it can be hard to predict future taxable income very accurately, it is very possible there will be changes. Covered California will send you a statement summarizing the tax credit you received in 2014 by Jan. 31, 2015, to use when you file your taxes.

It is possible that you may get money back when you file your taxes because you qualify for more premium assistance than you got during the year. If your taxable income was lower or your tax household size was larger than what you reported to Covered California when you enrolled, you may qualify for a larger tax credit than you got during the year and get money back when you file your taxes.

It is also possible that you may have to repay money to the IRS when you file your taxes if you qualify for less premium assistance than you got during the year. If your taxable income was higher or your tax household size was smaller than what you reported to Covered California when you enrolled, you may have to repay some of the money when you file taxes.

What can I do to avoid owing money when I file my taxes?

If Covered California sent you a notice that your income doesn't match what the IRS has on file, be sure to send in documents that prove your taxable income by the date listed on your notice.

Tell Covered California about any changes in your application information when they happen. You have 30 days to report changes.

- **What counts as a family size change?**
 - You get married or divorced.
 - You have a baby or adopt a child.
 - You no longer claim a dependent on your tax return.
- **What counts as an income change?**
 - You get a raise.
 - You lose your job or get a new one.
 - You take a salary cut.

If you are worried about owing money at tax time, you should talk to Covered California about reducing the amount of the tax credit that is applied to your premium each month. This will lower your chance of owing money at tax time.

What do I do if I have a change in my income or application information?

- You can log on to your existing www.CoveredCA.com account to safely and securely report your changes. Click the "Report a Change" option to report any changes in your income or application information.
- If you got help from a Covered California Certified Enrollment Counselor or Certified Insurance Agent when you enrolled, they can help walk you through the process.
- You can also call the Covered California Service Center from 8 a.m. to 6 p.m. M-F, and Saturdays from 8 a.m. to 5 p.m. at (800) 300-1506. For TTY, call (888) 889-4500.