



FAQs: What Medi-Cal Members Need to Know about Filing Federal Taxes

On January 1, 2014, the Affordable Care Act (ACA) made healthcare coverage, including Medi-Cal, available for more people than ever before. That change means that almost everyone in the United States must have coverage, and they must show that they do when they file their federal taxes. If you have Medi-Cal, read the Frequently Asked Questions (FAQ) below to help understand what you need to do. You should also read the instructions from the Internal Revenue Service (IRS) and on IRS Form 8965.

1. Who has to have health coverage?

Most, but not all, adults and children must have coverage under the ACA. Those who don't get coverage may have to pay what is called a "shared responsibility payment."

If you received coverage from Covered California and/or want more information on how to avoid paying the shared responsibility payment, please visit <http://www.coveredca.com/individuals-and-families/getting-covered/avoiding-the-tax-penalty/>

2. Where can I get free help understanding the shared responsibility payment?

You can get free tax help at a local Volunteer Income Tax Assistance Site (VITA). Low- and moderate-income families, people with disabilities, the elderly, and people with limited English speaking skills can get help from VITA.

To find the closest VITA location to you, call: 800-906-9887 or go online at <http://irs.treasury.gov/freetaxprep>. You can also get help from your own tax adviser.

3. Why doesn't everyone have to have health coverage?

Most people must get coverage, but some people will qualify for an exemption. You are eligible for an exemption if any of the following apply:

- You had no coverage for **less** than three consecutive months during the year,
- You had problems or delays with your Covered California application.
- The lowest-priced coverage available to you would have cost more than 8% of your household income.
- You do not have to file a tax return because your income is too low.
- You are a member of a federally recognized tribe, or you qualify for health care services through an Indian Health Services provider.

- You are a member of a health care sharing ministry.
- You are a member of a recognized religious sect with religious objections to insurance, including Social Security and Medicare.
- You were incarcerated.
- You were not lawfully present in the U.S.
- You experienced a hardship that prevented you from obtaining coverage.

These are the most common reasons people qualify for an exemption, but there are others. For more information on the circumstances that qualify people for exemptions, please visit <https://www.healthcare.gov/fees-exemptions/exemptions-from-the-fee/>.

4. How can I apply for an exemption from having coverage?

Many people will not qualify for any of these exemptions. They must get health coverage or pay the shared responsibility payment. For information on how to apply for an exemption, please visit <https://www.healthcare.gov/fees-exemptions/apply-for-exemption/>

If you qualify for an exemption, you must complete **IRS Form 8965** in order to claim the exemption. Information on how to file for an exemption with your taxes can be found in the instructions for IRS Form 8965: <http://www.irs.gov/pub/irs-pdf/i8965.pdf>

5. I have Medi-Cal. Is Medi-Cal minimum essential coverage (MEC)?

Most people with Medi-Cal have health coverage that is MEC, and they will not have to pay the shared responsibility payment. This includes individuals with full-scope Medi-Cal benefits who don't have to pay a share of cost for their services. It also may include women who have pregnancy only coverage under Medi-Cal.*

* Pending approval by the federal government that pregnancy only coverage is MEC

6. I have “limited Medi-Cal coverage.” Does it count as MEC?

No. People with “limited Medi-Cal coverage” do not have MEC and may have to pay the shared responsibility payment if they don't have other MEC. The list below shows the types of Medi-Cal coverage that do NOT meet MEC.

- Family planning services
- Tuberculosis-related services
- Treatment of emergency medical conditions
- Coverage for the medically needy, also known as share-of-cost Medi-Cal or spend-down Medi-Cal
- Restricted-scope coverage

However, for 2014 only, people who had Medi-Cal coverage that did not qualify as MEC will not have to make a shared responsibility payment for that year.

7. What other coverage counts as MEC?

According to the Center for Consumer Information and Insurance Oversight, the types of coverage listed below qualify as MEC. For more information about MEC coverage, please visit: <http://www.cms.gov/CCIIO/Programs-and-Initiatives/Health-Insurance-Market-Reforms/minimum-essential-coverage.html>

If you have employer-sponsored coverage, you probably have MEC. Insured and self-insured group health plans are MEC.

Individual health coverage that is MEC includes health insurance purchased directly from an insurance company, health insurance purchased through the marketplace, and health insurance provided through a student health plan, including coverage provided by student health plans self-funded by a university*.

Several government sponsored health coverage programs count as MEC. These include:

- Medicare Part A coverage
- Most Medi-Cal coverage*
- Children's Health Insurance Program (CHIP)
- Most types of TRICARE coverage**
- Comprehensive health care programs offered by the Department of Veterans Affairs
- Health coverage provided to Peace Corps volunteers
- Department of Defense Non-Appropriated Fund Health Benefits Program

Important! If you don't know if your current coverage qualifies as MEC, ask your insurer.

*Student health plans self-funded by a university is MEC for 2014 only.

**Medi-Cal and TRICARE programs that provide limited benefits generally do not qualify as MEC.

8. Who is liable for the shared responsibility payment for children who don't have coverage?

If a child under age 18 has no health coverage and does not get an exemption, the adult(s) or married couple who can claim the child as a dependent on their federal income tax return are liable for the shared responsibility payment.

9. What if I didn't have MEC in 2014? Can I get help with the shared responsibility payment?

Good news! The IRS has announced that if you had Medi-Cal coverage that did not count as MEC during 2014, you will not have to pay the 2014 shared responsibility payment. This will happen only for the 2014 tax year. If you do not have MEC in the 2015 calendar year and do not qualify for an exemption, you may have to pay the shared responsibility payment when you file your 2015 taxes in 2016.

If you qualify for an exemption, you must complete **IRS Form 8965** in order to claim the exemption. Information on how to file for an exemption with your taxes can be found in the instructions for IRS Form 8965: <http://www.irs.gov/pub/irs-pdf/i8965.pdf>

Remember that Medi-Cal enrollment is open year round, and it's easy to apply at www.coveredca.com.

10. Does everyone have to file a federal income tax return?

Not everyone is required to file a tax return, though many people with low income file a tax return to claim their Earned Income Tax Credit or to get a refund if taxes were withheld from their pay. This chart can help show if you have a filing requirement. If your income is less than the amount shown in the chart below for your filing status, age, and number of dependents, then you may not have to file taxes for that income year. However, even if your income is below the amounts on the chart, you must file a tax return if you received premium assistance through Covered California for anyone in your family you claim a personal exemption for on your tax return. For more information see the instructions for IRS Form 8962.

For more information on federal tax filing requirements please visit <http://www.irs.gov/Individuals/Do-You-Need-to-File-a-Federal-Income-Tax-Return%3F> and <http://www.irs.gov/publications/p554/ch01.html>.

11. What if I am not required to file a federal income tax return?

If you are not required to file a tax return, your tax household is exempt from the shared responsibility payment and you do not need to file a tax return to claim the coverage exemption.

12. I have to file a federal tax return, how do I report I have health coverage through Medi-Cal?

For tax year 2014, health coverage for Medi-Cal is reported by self-attestation by checking a block on your tax return when filing your taxes. If you and everyone else in your family had Medi-Cal (or any other MEC) for the full year, indicate full-year

MEC coverage on Form 1040 (on line 61), 1040A, or 1040EZ. If you and everyone else in your family did not have coverage for the full year, you must either make a shared responsibility payment or file Form 8965 to claim any exemptions for which you qualify. If you have additional questions about your Medi-Cal coverage, please contact your county human services agency.

For help locating and/or contacting your county human services agency, please visit <http://www.dhcs.ca.gov/services/medi-cal/Pages/CountyOffices3.aspx>

13. My child is a Medi-Cal beneficiary, but I get premium assistance through Covered California. Covered California sent me a Form 1095-A in the mail to file with my taxes, but I did not get one from Medi-Cal for my child. What should I do?

For tax year 2014, those who have health coverage under Medi-Cal report it through self-attestation. Form 1095-B will be used to report coverage to Medi-Cal consumers but is not required for tax year 2014. When filing your taxes, follow the IRS instructions for your own health coverage information and self attest for your child's coverage through Medi-Cal. If you have additional questions about your Medi-Cal coverage, please contact your county human services agency.

For help locating and/or contacting your county human services agency, please visit <http://www.dhcs.ca.gov/services/medi-cal/Pages/CountyOffices3.aspx>

If you receive premium assistance through Covered California and have additional tax questions regarding your coverage, please visit <http://www.coveredca.com/faqs/Tax-Credits/>.

14. As a Medi-Cal beneficiary, will I receive a Form 1095-B to use for my tax return?

For tax year 2014, Medi-Cal beneficiaries will not receive a Form 1095-B. Medi-Cal beneficiaries should self-attest to their Medi-Cal coverage in tax year 2014 as described in FAQ #13 above. For Medi-Cal consumers, Form 1095-B is not required for tax year 2014. For tax year 2015, Medi-Cal beneficiaries will receive a Form 1095-B during the first quarter of 2015 with filing instructions. More information on tax year 2015 forms will be provided later in 2015.

15. What if I was previously eligible for premium assistance through Covered California, but my income dropped during the year and I became eligible for Medi-Cal?

If you are later determined eligible for Medi-Cal, you may no longer receive premium assistance for health coverage through Covered California. You will not have to repay the premium assistance for the months before you became eligible for Medi-

Cal. However, in order to ensure you are in the correct program, you should always report any changes in income within 10 days (for Medi-Cal) or as soon as possible to your health care provider.