

## Medi-Cal Beneficiaries Tax Filing FAQs

### 1. What is the individual shared responsibility provision?

Starting on January 1<sup>st</sup>, 2014, almost everyone must have health coverage. If you do not, you may have to pay a tax penalty. The tax penalty is a part of the “shared responsibility provision” of the Affordable Care Act (ACA).

### 2. Does this mean that everyone has to have health coverage?

Adults and children must have coverage under this new law. There will be some people who qualify for an exemption, which means they will not have to pay the tax penalty even if they do not have coverage. Most people, however, will not qualify for an exemption and must get health coverage or pay the tax penalty.

### 3. Who pays the tax penalty if children don't have coverage?

If a child has no coverage and does not get an exemption, the tax penalty would be paid by an adult or married couple who can claim the child on their federal income tax filing.

### 4. What kind of health coverage do I need?

Your coverage must meet what the federal government calls minimum essential coverage (MEC). To qualify for MEC coverage, a health plan must include all of the following services:

- Ambulatory, emergency, and hospitalization services
- Maternity and newborn care
- Mental health and substance abuse services, including behavioral therapy treatment
- Prescription drug coverage
- Rehabilitative services and devices
- Laboratory services
- Preventive and wellness services
- Chronic disease management
- Pediatric services, including oral and vision care

For more information regarding MEC coverage, and for a complete list of what coverage types qualify as MEC, please visit: <http://www.cms.gov/CCIIO/Programs-and-Initiatives/Health-Insurance-Market-Reforms/minimum-essential-coverage.html>

If you are uncertain if your current plan qualifies as MEC, ask your insurer whether or not your plan is “ACA compliant” or counts as “minimum essential coverage.”

## **5. Does Medi-Cal count as minimum essential coverage (MEC)?**

Yes. Most people with Medi-Cal have coverage that counts as MEC and they will not face a tax penalty. However, there are individuals who have limited Medi-Cal coverage that does not meet MEC. These people would pay the tax penalty. The list below shows the types of Medi-Cal coverage that does not meet MEC:

- Family planning services
- Tuberculosis-related services
- Treatment of emergency medical conditions
- Pregnancy-related coverage
- Coverage for the medically needy
- Section 1115 Medicaid demonstration projects
  - An example of a section 1115 project is dual eligibility (People who qualify and receive benefits from both Medicare and Medicaid).

## **6. What if I didn't have coverage in 2014? Can I get help with the tax penalty?**

Good news! The IRS has announced that if you had Medi-Cal coverage that did not meet MEC during 2014, you will not have to pay the tax penalty as long as you received coverage from one of the above programs on the list in question 5. Keep in mind that this exception is only for the 2014 tax year!

## **7. Does everyone have to file a federal income tax return?**

Not everyone has to file taxes, though many people with low income file taxes to claim their Earned Income Tax Credit. This chart can help determine if you must file taxes. 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. Consult with your tax preparer or local VITA site for further information.

## Individual Filing Requirements:

If your [gross income](#) or [adjusted gross income](#) is more than the amount shown in the chart below for your filing status, age, and number of dependents, then you have a filing requirement.

Filing Status	Age as of December 31, 2014*	California Gross Income			California Adjusted Gross Income		
		Dependents			Dependents		
		0	1	2 or more	0	1	2 or more
<b>Single or head of household</b>	Under 65	\$16,047	\$27,147	\$35,472	\$12,838	\$23,938	\$32,263
	65 or older	\$21,447	\$29,772	\$36,432	\$18,238	\$26,563	\$33,223
	Under 65 (both spouses/RDPs)	\$32,097	\$43,197	\$51,522	\$25,678	\$36,778	\$45,103
<b>Married/RDP filing jointly or separately</b>	65 or older (one spouse)	\$37,497	\$45,822	\$52,482	\$31,078	\$39,403	\$46,063
	65 or older (both spouses/RDPs)	\$42,897	\$51,222	\$57,882	\$36,478	\$44,803	\$51,463
<b>Qualifying widow(er)</b>	Under 65	N/A	\$27,147	\$35,472	N/A	\$23,938	\$32,263
	65 or older	N/A	\$29,772	\$36,432	N/A	\$26,563	\$33,223
<b>Dependent of another person (Any filing status)</b>	Under 65	More than your standard deduction					
	65 or older	More than your standard deduction					

\* If you turn 65 on January 1, 2015, you are considered to be age 65 at the end of 2014.

Source: [https://www.ftb.ca.gov/forms/2014\\_California\\_Tax\\_Rates\\_and\\_Exemptions.shtml](https://www.ftb.ca.gov/forms/2014_California_Tax_Rates_and_Exemptions.shtml)

If your individual gross income or adjusted gross income is more than the amount shown in the chart above for your filing status, age, and number of dependents, then you may have to file taxes for that income year.

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>

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

If you are a Medi-Cal beneficiary and do not have to file taxes for that income year, then you are not required to report your health coverage to the IRS.

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

For tax year 2015, health coverage for Medi-Cal is done by self attestation when filing your taxes. Beneficiaries only need to state that they have coverage. If you receive further questions from the IRS, please contact [[insert contact](#)].

Contact options for DHCS to consider:

“your county human services agency”

“[Medi-CalTaxReporting@dhcs.ca.gov](mailto:Medi-CalTaxReporting@dhcs.ca.gov)” (example DHCS administration email)

“1-800-xxx-xxxx”

**10. My child is a Medi-Cal beneficiary, but I get premium assistance through Covered California. What should I do?**

For tax year 2015, health coverage for Medi-Cal is done by self attestation. When filing your taxes, follow instructions for your own health coverage information and self attest for your child’s coverage through Medi-Cal. If you receive further questions from the IRS, please contact [[insert contact](#)].

**11. As a Medi-Cal beneficiary, do I have to file a 1095 form?**

For tax year 2014, Medi-Cal beneficiaries will not receive a form 1095 verifying health coverage through Medi-Cal to fill out and return. Medi-Cal beneficiaries should self-attest to their Medi-Cal coverage in tax year 2014. For tax year 2015, beneficiaries will receive a form 1095 during the first quarter of 2016 with filing instructions. More information on tax year 2015 forms will be provided later in 2015.

**12. What if I was previously eligible for premium tax credits, but my income dropped throughout the year and I became eligible for Medi-Cal?**

If you are later determined eligible for Medi-Cal, you will not have to pay back any tax credits you received during the year at tax time. However, in order to ensure you are in the correct program, you should always report any changes in income.