



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 tax form 8965.

1. Who has to have health coverage?

Most, but not all, adults and children must have coverage under the ACA, even if you don't have to file taxes. 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?

Nearly everyone must get coverage, but some people will qualify for an exemption. To get the exemption, individuals would have to show they qualify for one or more of the conditions below:

- You have no coverage for **less** than three months of the year, and/or you had problems or delays with your Covered California application.
- The lowest-priced coverage available to you would 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 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 incarcerated (either jailed or detained), and not being held pending disposition of charges.
- You are not lawfully present in the U.S.
- You qualify for a hardship exemption.

For more information on these reasons 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?**

Most 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. **Does any kind of health coverage work for the ACA?**

No. Your coverage must meet the federal government’s standard for “minimum essential coverage (MEC). This means that your health plan, including Medi-Cal, must have services that include all of the following:

- Ambulatory (outpatient), 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.

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

Most people with Medi-Cal have health coverage that counts as 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

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

No. People with “limited Medi-Cal coverage” would not have MEC, and would have to pay the shared responsibility payment. 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 pay the shared responsibility payment for that year.

8. 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. Group health insurance for employees under a governmental plan or a plan/coverage offered within California's health care marketplace (including grandfathered health plans) also count as MEC.

Individual health coverage that counts as 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

- Medicare Advantage plans
- 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
- Refugee Medical Assistance
- 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.

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

9. Who pays the shared responsibility payment if children don't have coverage?

If a child under age 18 has no health coverage and does not get an exemption, the shared responsibility payment would be paid by the adult(s) or married couple who can claim the child on their federal income tax filing.

10. 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.

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

Not everyone is required to file taxes, though many people with low income file taxes to claim their Earned Income Tax Credit. This chart can help show if you have to 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.

Individual Federal Filing Requirements:

Note. You must file a return if your gross income was at least the amount shown in the last column.

IF your filing status is . . .	AND at the end of 2013 you were . . .	THEN file a return if your gross income** was at least. . .
Single	under 65	\$10,000
	65 or older	\$11,500
Head of household	under 65	\$12,850
	65 or older	\$14,350
Married filing jointly***	under 65 (both spouses)	\$20,000
	65 or older (one spouse)	\$21,200
	65 or older (both spouses)	\$22,400
Married filing separately	any age	\$3,900
Qualifying widow(er) with dependent child	under 65	\$16,100
	65 or older	\$17,300

*If you were born before January 2, 1949, you are considered to be 65 or older at the end of 2013.

**Gross income means all income you receive in the form of money, goods, property, and services that is not exempt from tax, including any income from sources outside the United States or from the sale of your main home (even if you can exclude part or all of it). It also includes gains, but not losses, reported on Form 8949 or Schedule D. Gross income from a business means, for example, the amount on Schedule C, line 7, or Schedule F, line 9. But in figuring gross income, do not reduce your income by any losses, including any loss on Schedule C, line 7, or Schedule F, line 9. Do not include any Social Security benefits unless (a) you are married filing separately and you lived with your spouse at any time in 2013 or (b) one-half of your social security benefits plus your other gross income and any tax-exempt interest is more than \$25,000 (\$32,000 if married filing jointly). If (a) or (b) apply, see the Instructions for Form 1040 or Publication 915, Social Security and Equivalent Railroad Retirement Benefits, to figure the taxable part of Social Security benefits you must include in gross income.

***If you did not live with your spouse at the end of 2013 (or on the date your spouse died) and your gross income was at least \$3,900, you must file a return regardless of your age.

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> and <http://www.irs.gov/publications/p554/ch01.html>.

12. 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.

13. 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 when filing your taxes. Medi-Cal consumers indicate their full-year MEC coverage on Form 1040 (on line 61) or 1040EZ, and their partial-year or non-MEC coverage on Form 8965. 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>

14. My child is a Medi-Cal beneficiary, but I get premium assistance through Covered California. Covered California sent me a 1095 form 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. For Medi-Cal consumers, Form 1095 is not necessary or applicable 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/>.

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

For tax year 2014, Medi-Cal beneficiaries will not receive a Form 1095. 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 is not necessary or applicable for tax year 2014. For tax year 2015, Medi-Cal beneficiaries will receive a Form 1095 during the first quarter of 2015 with filing instructions. More information on tax year 2015 forms will be provided later in 2015.

16. What if I was previously eligible for premium tax credits, but my income dropped during 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 within 10 days (for Medi-Cal) or as soon as possible to your health care provider.