2027 Individual Shared Responsibility Penalty Calculation

September 1, 2026

Summary:

In support of the California statute requiring individuals to obtain health coverage, Covered California calculated the average bronze plan premium for the calendar year 2027 by applying an IRS methodology established with the initial implementation of the Affordable Care Act. In performing this calculation, Covered California used 2027 rate data from all qualified health plan (QHP) issuers. Following the procedure yielded the average bronze plan premium for the calendar year 2027, of $469 per month for an individual. Consistent with the IRS procedure, the maximum monthly penalty for a taxpayer with a household of five or more non- exempt individuals who did not maintain minimum essential coverage would be equal to $469 times five, or $2,345.

Background:

Covered California is providing the preceding calculation to support the California Franchise Tax Board's implementation of the Individual Shared Responsibility Penalty according to Part 32 of the Revenue and Taxation Code.

Section 61015 of California's Revenue and Taxation Code establishes that the Individual Shared Responsibility Penalty imposed on a responsible individual for a taxable year shall be equal to the lesser of either (1) the sum of the monthly penalty amounts determined under subdivision (b) of Section 61015 or (2) "an amount equal to one-twelfth of the state average premium for qualified health plans that have a bronze level of coverage for the applicable household size involved, and are offered through the Exchange for plan years beginning the calendar year with or within which the taxable year ends, multiplied by the number of months in which a failure described in Section 61010 occurred."[1]

The penalty amount language in the California statute closely mirrors the federal penalty that was enacted in 2010 in the Affordable Care Act (ACA), the dollar value of which was set to zero for calendar years beginning with 2019.

In 2014, following the implementation of the ACA, the Internal Revenue Service (IRS) released Revenue Procedure 2014-46, which describes the methodology the IRS used for tax years 2014 through 2018, when the federal penalty was in effect, to calculate average premiums for the bronze level of coverage. It is as follows:

> "the monthly national average bronze plan premium is determined using a population -weighted average of the premium in each county or county equivalent that would be charged to a 21-year old individual who does not use tobacco." (Internal Revenue Service, Revenue Procedure 2014-46, pp. 4-5.)[2]

Further, the procedure caps the penalty a taxpayer will pay at a maximum of five individuals as follows:

> "in determining a taxpayer's monthly national average bronze plan premium, the age-21 non-tobacco user premium described above is multiplied by the number of the individuals in the shared responsibility family, up to a maximum of five." (Internal Revenue Service, Revenue Procedure 2014-46, p. 5.)[2]

Methodology:

The following method was used by Covered California to calculate the 2027 monthly state average premium for qualified bronze level health plans by approximating the IRS revenue procedure.

The calculation utilizes 2027 rate data of all QHP issuers from Covered California's website (https://hbex.coveredca.com/data-research). Using these data, we produce a list of unique Bronze and Bronze HDHP (HDHP) plans with pricing for a 21-year-old in each county, which is used to ascertain the median bronze-level premium in each of California's 58 counties. As stated in the IRS protocol, the use of the median premium (as opposed to the county average premium) minimizes the impact of outliers.

Table 1. Median Bronze-Level Premium by County, 2027

County	Rate	County	Rate	County	Rate	County	Rate
Alameda	$592.00	Kings	$392.50	Placer	$530.50	Sierra	$580.50
Alpine	$580.50	Lake	$580.50	Plumas	$580.50	Siskiyou	$580.50
Amador	$576.00	Lassen	$580.50	Riverside	$394.00	Solano	$624.00
Butte	$580.50	Los Angeles	$365.50	Sacramento	$530.50	Sonoma	$634.00
Calaveras	$580.50	Madera	$391.50	San Benito	$769.50	Stanislaus	$478.00
Colusa	$580.50	Marin	$624.00	San Bernardino	$394.00	Sutter	$576.00
Contra Costa	$606.00	Mariposa	$475.00	San Diego	$443.00	Tehama	$580.50
Del Norte	$580.50	Mendocino	$580.50	San Francisco	$569.00	Trinity	$580.50
El Dorado	$577.50	Merced	$558.50	San Joaquin	$478.00	Tulare	$478.00
Fresno	$392.50	Modoc	$580.50	San Luis Obispo	$511.00	Tuolumne	$580.50
Glenn	$580.50	Mono	$688.50	San Mateo	$616.00	Ventura	$507.00
Humboldt	$580.50	Monterey	$724.00	Santa Barbara	$511.00	Yolo	$530.50
Imperial	$530.50	Napa	$634.00	Santa Clara	$634.00	Yuba	$576.00
Inyo	$688.50	Nevada	$581.00	Santa Cruz	$724.00		
Kern	$384.00	Orange	$440.00	Shasta	$580.50		

Considering differences in county population sizes, our subsequent step was calculating the population weight for each county. The California Department of Finance's population estimate for January 2026 is used to determine the weight, which is derived by dividing the county's population by the State total.[3]

Table 2. Population Weight by County, 2027

County	Population Weight	County	Population Weight	County	Population Weight	County	Population Weight
Alameda	0.042082	Kings	0.003883	Placer	0.010982	Sierra	0.000080
Alpine	0.000030	Lake	0.001687	Plumas	0.000467	Siskiyou	0.001090
Amador	0.001001	Lassen	0.000690	Riverside	0.063315	Solano	0.011417
Butte	0.005277	Los Angeles	0.248460	Sacramento	0.041127	Sonoma	0.012225
Calaveras	0.001128	Madera	0.004203	San Benito	0.001720	Stanislaus	0.014072
Colusa	0.000556	Marin	0.006335	San Bernardino	0.055987	Sutter	0.002568
Contra Costa	0.029396	Mariposa	0.000425	San Diego	0.084468	Tehama	0.001636
Del Norte	0.000665	Mendocino	0.002238	San Francisco	0.021359	Trinity	0.000400
El Dorado	0.004795	Merced	0.007429	San Joaquin	0.020714	Tulare	0.012366
Fresno	0.026310	Modoc	0.000214	San Luis Obispo	0.007053	Tuolumne	0.001370
Glenn	0.000733	Mono	0.000315	San Mateo	0.018897	Ventura	0.020819
Humboldt	0.003360	Monterey	0.011031	Santa Barbara	0.011239	Yolo	0.005706
Imperial	0.004697	Napa	0.003444	Santa Clara	0.048808	Yuba	0.002215
Inyo	0.000474	Nevada	0.002525	Santa Cruz	0.006594		
Kern	0.023422	Orange	0.079905	Shasta	0.004595		

With the population weight and median rate determined for each county in the state, the weighted rate for each county is calculated by multiplying the two statistics together. Once complete, the summation of the outputs produces the average bronze plan premium for the calendar year 2027 of $469 (rounded to the nearest dollar) per month for an individual. Consistent with the IRS procedure, the maximum monthly penalty for a taxpayer with a household of five or more non-exempt individuals who did not maintain minimum essential coverage would be equal to $469 times five, or $2,345.

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[1] Rev. & Tax. Code, § 61015 <https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=RTC&division=2.&title=&part=32.&chapter=&article=> (as of August 19, 2026).

[2] Internal Revenue Service, Rev. Proc. 2014-46 (2014) <https://www.irs.gov/pub/irs-drop/rp-14-46.pdf> (as of August 19, 2026).

[3] State of California, Population Estimates for Cities, Counties, and the State, 2021-2026 with 2020 Census Benchmark. (Released: May 1, 2026) < https://dof.ca.gov/wp-content/uploads/sites/352/Forecasting/Demographics/Documents/E-4_2025_InternetVersion.xlsx > (as of August 19, 2026).