



2026 Individual Shared Responsibility Penalty Calculation

September 1, 2025

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 2026 by applying an IRS methodology established with the initial implementation of the Affordable Care Act. In performing this calculation, Covered California used 2026 rate data from all qualified health plan (QHP) issuers. Following the procedure yielded the average bronze plan premium for the calendar year 2026, of \$420 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 \$420 times five, or \$2,100.

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 2026 monthly state average premium for qualified bronze level health plans by approximating the IRS revenue procedure.

The calculation utilizes 2026 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, 2026

County	Rate	County	Rate	County	Rate	County	Rate
Alameda	\$533.94	Kings	\$353.42	Placer	\$480.55	Sierra	\$531.56
Alpine	\$531.56	Lake	\$531.56	Plumas	\$531.56	Siskiyou	\$531.56
Amador	\$529.64	Lassen	\$531.56	Riverside	\$334.50	Solano	\$555.17
Butte	\$531.56	Los Angeles	\$329.19	Sacramento	\$480.55	Sonoma	\$555.17
Calaveras	\$531.56	Madera	\$353.42	San Benito	\$696.08	Stanislaus	\$418.00
Colusa	\$531.56	Marin	\$555.17	San Bernardino	\$334.50	Sutter	\$529.64
Contra Costa	\$547.86	Mariposa	\$418.00	San Diego	\$388.81	Tehama	\$531.56
Del Norte	\$531.56	Mendocino	\$531.56	San Francisco	\$498.49	Trinity	\$531.56
El Dorado	\$563.77	Merced	\$496.56	San Joaquin	\$418.00	Tulare	\$418.00
Fresno	\$353.42	Modoc	\$531.56	San Luis Obispo	\$543.78	Tuolumne	\$531.56
Glenn	\$531.56	Mono	\$623.03	San Mateo	\$571.73	Ventura	\$457.04
Humboldt	\$531.56	Monterey	\$652.26	Santa Barbara	\$543.78	Yolo	\$480.55
Imperial	\$471.42	Napa	\$555.17	Santa Clara	\$562.53	Yuba	\$529.64
Inyo	\$623.03	Nevada	\$531.56	Santa Cruz	\$652.26		
Kern	\$355.97	Orange	\$400.70	Shasta	\$531.56		

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 2025 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, 2026

County	Population Weight	County	Population Weight	County	Population Weight	County	Population Weight
Alameda	0.042057	Kings	0.003896	Placer	0.010662	Sierra	0.00008
Alpine	0.00003	Lake	0.001701	Plumas	0.000478	Siskiyou	0.001096
Amador	0.001001	Lassen	0.000726	Riverside	0.063134	Solano	0.01138
Butte	0.00525	Los Angeles	0.249862	Sacramento	0.040597	Sonoma	0.012215
Calaveras	0.001131	Madera	0.004113	San Benito	0.00169	Stanislaus	0.01406
Colusa	0.000557	Marin	0.00644	San Bernardino	0.055843	Sutter	0.002536
Contra Costa	0.029301	Mariposa	0.000428	San Diego	0.084245	Tehama	0.00164
Del Norte	0.000672	Mendocino	0.002272	San Francisco	0.021301	Trinity	0.000402
El Dorado	0.004826	Merced	0.007414	San Joaquin	0.020386	Tulare	0.012325
Fresno	0.026235	Modoc	0.000215	San Luis Obispo	0.007067	Tuolumne	0.001375
Glenn	0.000743	Mono	0.000321	San Mateo	0.018931	Ventura	0.020972
Humboldt	0.003385	Monterey	0.011101	Santa Barbara	0.011311	Yolo	0.005703
Imperial	0.004718	Napa	0.003444	Santa Clara	0.048629	Yuba	0.002151
Inyo	0.000476	Nevada	0.002539	Santa Cruz	0.006671		
Kern	0.023374	Orange	0.080331	Shasta	0.004559		

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 2026 of \$420 (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 \$420 times five, or \$2,100.

¹ Rev. & Tax. Code, § 61015

<https://leginfo.ca.gov/faces/codes_displayText.xhtml?lawCode=RTC&division=2.&title=&part=32.&chapter=&article=> (as of September 30, 2020).

² Internal Revenue Service, Rev. Proc. 2014-46 (2014) <<https://www.irs.gov/pub/irs-drop/rp-14-46.pdf>> (as of September 30, 2020).

³ State of California, Population Estimates for Cities, Counties, and the State, 2021-2024 with 2020 Census Benchmark. (Released: May 1, 2024) < https://dof.ca.gov/wp-content/uploads/sites/352/Forecasting/Demographics/Documents/E-4_2025_InternetVersion.xlsx > (as of August 27, 2025).