Exemptions Task Guide for Enrollers

Overview

Starting November 1, each year, consumers can apply for exemptions for the next benefit year. Some exemptions require an exemption application through Covered California. Other exemptions do not require an application: Instead, you can claim them when you file your state tax return.

Exemptions Basics

There are three types of exemptions processed by Covered California. For these exemptions, the consumer must apply through Covered California. Consumers can only apply for an exemption for tax years 2020 and later. There is consumer information on the Covered California website under *Exemptions*.

- General hardship.
- Affordability hardship.
- Religious conscience.

The Franchise Tax Board (FTB) is also processing exemptions. See the full list of exemptions below.

The California FTB has launched the individual mandate penalty estimator to help consumers:

- Calculate the penalty they may owe if they go without qualifying health coverage.
- Understand the importance of having health insurance coverage this year.

Direct consumers to CoveredCa.com and search for “Penalty.” They will be redirected to the FTB penalty estimator tool.

Applying for an Exemption

Direct the consumer to go to the Covered California website and search for ‘Exemptions’.

Click the link to the Exemptions page. It will be the first item in the search results.

Have the consumer review the content on the page. Find the link to one of three exemption applications:

- General hardship.
- Affordability hardship.
- Religious conscience.

Have the consumer fill out the application online. They should be the primary tax filer or their authorized representative.

Supporting Documentation: In almost all cases, the consumer will be required to upload supporting documentation while filling out their exemption application.

Have the consumer click the **Submit** button at the end of the application. A copy of their application and any supporting documentation is automatically sent to the email address they provided.

Covered California will respond within 30 calendar days from the date a completed application is submitted. There are four letters that may be sent.

- Exemption application approved.
- Exemption application denied.
- Exemption application incomplete.
- Exemption application missing information.

Exemptions Processed by Covered California

There is also public information on our website under Exemptions.

Exemption Type	Exemption Details	Duration of Exemption
Affordability Hardship	This exemption is only available for the current benefit/tax year based on the consumer's projected income for the year. With an approved affordability exemption, consumers will get an Exemption Certificate Number (ECN) and may buy a catastrophic plan directly from an insurance company. • The affordability percentage for 2027 is 8.50%. • Affordability of employer-sponsored coverage is based on projected tax household's annual income. • Affordability of individual market coverage (lowest cost Bronze plan per individual) is based on projected tax household's annual income. • Affordability exemption for prior tax year(s) must be claimed on the consumer's tax return. It will be processed by FTB based on actual income the consumer reports on their CA tax return for the year. For additional information on which decision is best for the	Remaining months in a coverage year following the application approval date (prospective)

Exemption Type	Exemption Details	Duration of Exemption
	consumer, recommend they speak with their tax advisor.	

General Hardship	With an approved general hardship exemption, consumers will get an Exemption Certificate Number (ECN). Consumers may buy a catastrophic plan directly from an insurance company.
	• Experienced homelessness.
	• Was evicted in the past six months.
	• Is facing eviction or foreclosure.
	• Utility shut off due to inability to pay the bill.
	• Domestic violence.
	• Death of a family member.
	• Natural disaster
	  ○ Example: Fire, flood, or human-caused disaster.
	• Bankruptcy.
	• Medical expenses that resulted in substantial debt.
	• Unexpected increases in necessary expenses or decreases in household income due to:
	• Divorce/Separation.
	• Unexpected or sudden disability.
	• Caring for an ill, disabled, or aging family member.
	• Appeals decision showing eligibility for enrollment through Covered CA when not actually enrolled.
	• Medical Support Order.
	  ○ Example: A child expected to be claimed as a tax dependent has been denied
		• The month(s) in which the hardship is claimed, plus the month before and the month after.
		• Medical Support Order:
		Exemption shall only be provided for the months during which the medical support order is in effect.

Exemption Type	Exemption Details	Duration of Exemption
	coverage for Medicaid and the Children's Health Insurance Program (CHIP). Another person is required by court order to provide health coverage to the child. • See note under Duration of Exemption. • Other. ○ Granted on a case-by-case basis.	
Religious Conscience	A member of a recognized religious sect or division who is opposed to acceptance of the benefits of any private or public insurance. A member of a religious sect or division who relies solely on a religious method of healing and: • The acceptance of medical health services would go against their religious beliefs. • Attests that they have not received medical health services during the preceding taxable year. • Medical health services do not include the following: • Routine dental, vision, and hearing services. • Midwifery services. • Vaccinations. • Necessary medical services provided to children. • Services required by law or by a third party.	• 21 and over: • Continuous. Under 21: ○ Continuous until the last day of the month after the month of the individual's 21st birthday. After this, they must re-apply.

Exemptions Processed by Franchise Tax Board

Consumers can claim these exemptions on their CA State income tax return. For additional information, consumers can:

Contact the California FTB website. FTB.ca.gov.

Speak with their tax advisor.

FTB Exemptions

Consumer's income is below the state tax filing threshold (Consumer may still choose to file Taxes).

Health coverage is unaffordable, based on consumer's actual income reported on their state income tax return when filing taxes.

Note: This exemption is claimed at the end of the tax year(s) on their state tax return. The affordability calculation is based on their actual income. For an affordability hardship exemption for the current year based on the consumer's projected income, the consumer can apply through Covered California. Advise that the consumer speak with their tax advisor for more information.

Individual: Cost of the lowest-cost bronze plan available to the consumer through Covered California or the lowest cost employer-sponsored employee-only plan exceeds 8.50% (for 2027) of the individual's actual income on the tax return.

Household: Cost of the lowest cost employer-sponsored family plan that covers all employees' dependents subject to the mandate exceeds 9.96% (for 2026) of the employee's actual household income.

- Short coverage gap of 3 consecutive months or fewer.
- Certain non-citizens who are not lawfully present.
- Citizens living abroad/residents of another state.
- Members of a healthcare sharing ministry.
- Members of federally recognized tribes, including Alaska Natives, or other individuals eligible for services through an Indian health care provider or the Indian Health Service Incarceration (other than incarceration pending the disposition of charges).
- Enrolled in limited or restricted-scope Medi-Cal or other similar coverage, as determined by the California Department of Health Care Services.

Catastrophic Coverage Available for Consumers with Exemptions

Consumers aged 30 or older with an affordability hardship or a general hardship through Covered California can get catastrophic coverage. They will get their Exemption Certificate Number (ECN) from Covered California and will be directed to buy a catastrophic plan offexchange directly from the insurers (Refer to the Covered California website for health insurance company contacts.)

Note: Although there is current federal guidance outlining Catastrophic plan expansion for those above 400% FPL, this rule only applies to the Federal Marketplace. Covered California is not required to follow federal guidance or grant exemptions for the same circumstances as the Federal Marketplace. Exemptions Applicants can still apply for a different General Hardship reason or apply for the Affordability Hardship Exemption to determine if they can be approved to receive an Exemption Certificate Number (ECN).

Ask consumers who are interested in catastrophic plans to check the plan's price directly with the insurer.

Catastrophic plans are usually around the same price as a bronze plan.

These non-Covered California plans only cover 3 primary care visits per year before the plan's deductible is met.

They also have higher out-of-pocket costs for deductibles, copayments, and coinsurance than a Covered California bronze plan.

If a consumer experiences a change in circumstance, such as a change in income, they cannot receive any premium assistance for the months they were enrolled in a catastrophic plan.

Appeals

Consumers have the right to appeal the approval or denial of an exemption. The appeals process for exemptions follows the existing Covered California appeals process.