



Failure to Reconcile (FTR) Quick Guide for Enrollers

Overview

Covered California sends out a direct-action notice to consumers who did not reconcile their past years financial help. Consumers who get financial help have to file taxes for the years they received the financial help. If a consumer who received financial help did not file their taxes, they may not be able to get financial help in the future.

NOD38a and NOD38b

The NOD38a warning notice and NOD38b action notice dynamically display the appropriate reason. See sample notices below.

- When consumers apply, report changes, or renew their application, CalHEERS will check to see if there is a Failure to Reconcile (FTR) code (007, 009, 010, 011) for the household. Cases that have an active FTR code will lose eligibility for financial help (APTC/CSR/CA Premium Subsidy/CA Enhanced CSR). They will receive a NOD38b action notice, as well as an NOD01 stating that they will not be eligible for subsidies.

Covered California sends out NOD38a warning notices to consumers who have an FTR tax code that is not enabled. These notices serve as a warning and urge consumers to take actions to avoid loss of financial help. For 2025, it will be sent for code 007, 009, 010. This notice is to encourage them to resolve their tax issues before it impacts their eligibility for financial help.

Covered California will send out NOD38b action notices to consumers who:

- (007) Received premium tax credits in previous year. Did not file a federal tax return.
- (009) Received premium tax credits in the previous tax year and asked the IRS for an extension but have not filed their tax return for the previous tax year and included their IRS Form 8962.
- (010) Received premium tax credits in previous year. Filed a federal tax return but did not include IRS form 8962 with their return.
- (011) Consumer did not file a tax return and/or did not reconcile financial help (APTC) for two consecutive tax years.

Note: Covered California will send out NOD38b action notices to consumers who receive an enabled code.

Important

CalHEERS will deny eligibility for APTC / CA Premium Subsidy / CSR (including the CA Enhanced CSR) if consumers:

- Are identified by the IRS as a non-tax filer.
- Do not attest to having filed their taxes.

If a non-AI/AN consumer was enrolled in a CSR plan (ex: Silver 94), they will be moved to the Silver 70 version of the same plan.

Covered California

Outreach and Sales Division

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Covered California **cannot** provide tax advice to consumers under any circumstances. For questions about IRS Form 8962 or other tax-related items:

- Consumers can contact an IRS advisor or the IRS at 1-800-829-1040.
- Consumers can visit [HealthCare.gov/taxes](https://www.healthcare.gov/taxes) or [IRS.gov/aca](https://www.irs.gov/aca)

Process to Restore Financial Help Retroactively (Consumer calls back within 60 days)

Consumers and enrollers must call within 60 days of their unsubsidized plan effective date to be eligible for restoring their financial help retroactively. After 60 days, only prospective APTC can be applied. Contact the Agent Service Center (ASC) for escalation.

1. Navigate to the Account home page and select **Update Consent for Verification and Tax Filing Attestation** link.
2. When the **Update** button is selected on the *Tax Filing Attestation* section, CalHEERS will re-determine eligibility.
 - The financial help is automatically applied.
 - If the current plan is still active (but without subsidy), it should auto-update to apply the APTC going forward.
 - Plan selection will only be required if the enrollment has been terminated (i.e. non-payment).

Rules for Mixed Households

Enrollers can update consent for verification and/or tax filing attestation for mixed household cases only if no other changes that re-determine eligibility are required.

If other changes that will re-determine eligibility are needed:

- Update tax filing attestation for the consumer and then refer them to their local county office for any other changes that would redetermine eligibility.
 - Consumers also have the option to update their information on the application (including tax filing attestation) through their online account.

When referring the consumer to their local county office:

- You can tell the consumer to let the county representative know which additional changes they need to make.