



Financial Help Basics for Enrollers Quick Guide

Overview

Consumers may be eligible for financial help to lower their monthly premium payment for their health insurance plan (health plan). Below are the types of federal financial help available to eligible consumers:

- Federal Advanced Premium Tax Credit (APTC)
- Cost-sharing reduction (CSR)
- Effective 2026, California Premium Subsidy (state subsidy) will be available to eligible consumers up to 165% of FPL.

Details

The enhanced subsidies authorized by American Rescue Plan (ARP), which were later extended by the Inflation Reduction Act (IRA), are scheduled to expire at the end of 2025. Beginning January 1, 2026, Covered California will implement California Premium Subsidy Program to reduce premiums for enrollees at or below 165% of FPL as follows:

- Covered California enrollees with income up to 165% FPL will be eligible for the California Premium Subsidy.
- To receive the California Premium Subsidy, individuals must be eligible for the federal Advanced Premium Tax Credit (APTC) and apply on Covered California's subsidized application.
- The California Premium Subsidy will reduce the enrollee's required share of premium for the benchmark plan, similar to APTC. The subsidy amount will be calculated in the same way as APTC but will be applied to the enrollee's premium after APTC is applied.
- Enrollees who receive the California Premium Subsidy will be required to reconcile the subsidy amount with the California Franchise Tax Board when they file their state tax return.
 - Effective benefit year 2022, a California Premium Credit of \$1 per member per month is applied to qualified health plan (QHP) premiums (for both subsidized and unsubsidized plans).

Note: If Congress extends the federal enhanced premium tax credit, the state funds currently earmarked for the State Premium Subsidy Program will be used to continue the California enhanced cost-sharing reduction program that is in effect for plan year 2025.



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Federal Advanced Premium Tax Credit (APTC)

Federal APTC reduces the monthly payment to the health insurance company for the consumer. The federal government pays a portion of the consumer's monthly premium directly to the health insurance company.

- The consumer may choose to reduce their monthly assistance by the full amount of APTC or instead, take some or all of the tax credit when they file their taxes.
- If they enroll through an unsubsidized application by selecting "No, I do not want help paying for my health care," they may still get the Premium Tax Credit when they file their federal income tax return, if eligible. To claim it at tax time, they must:
 - Use their 1095-A to file IRS Form 8962 with their federal income tax return for that year, and
 - Meet all other eligibility requirements.

Note: The IRS provides more guidance in Publication 974, Premium Tax Credit (PTC) | Internal Revenue Service ([irs.gov](https://www.irs.gov)) and FAQ regarding the Premium Tax Credit.

- Consumers can change the amount of APTC they apply to their monthly premium (or apply as an annual tax credit) any time during the enrollment year.
 - Refer to the [Change Premium Assistance Amount Job Aid](#)
- The amount of the premium assistance received is based on the second-lowest-cost Silver plan premium minus the individual's required share of premium. Additional factors that go into the APTC calculation include:
 - Age of the consumer at the time of enrollment.
 - Household size.
 - Projected annual household income.
 - See the federal poverty level chart to view the household income levels eligible for this benefit.
 - ZIP code.
- Premium ratings are based on the age of the enrollee at both the time of renewal and the issuance of a new policy during the benefit year.
 - See Age of Consumer Calculation Scenario in [Over-age Dependents for Certified Enrollers Quick Guide](#).

Calculating APTC

APTC is based on the difference between a consumer's required share of premium and the premium for the second-lowest-cost Silver tier plan available to that consumer. The



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consumer's annual required share of premiums is calculated by multiplying the consumer's annual household income by their applicable percentage.

Below is the applicable percentages table for years 2022-2025, using a sliding scale based on household income as a percentage of the FPL:

| Household Income as a percentage of Federal Poverty Level (FPL) Applicable Percentages | | | |
|---|------------|--------------|-------------------------|
| | IRA | 2026 ACA | 2026 CA Premium Subsidy |
| Under 138% | 0.0% | 2.10% | 0%* |
| 138 – 150% | 0.0% | 3.14 - 4.19% | 0%* |
| Above 150 – 165% | 0 – 0.6% | 4.19 - 4.91% | 3.19 – 3.91%* |
| Above 165 but under 200% | 0.6 – 2.0% | 4.91 – 6.60% | 4.91 – 6.60% |
| 200 but under 250% | 2.0 – 4.0% | 6.60 – 8.44% | 6.60 – 8.44% |
| 250 but under 300% | 4.0 – 6.0% | 8.44 – 9.96% | 8.44 – 9.96% |
| 300 – 400% | 6.0 – 8.5% | 9.96% | 9.96% |
| Above 400% | 8.5% | 100% | 100% |

The 2026 California Premium Subsidy will reduce the required share of premiums for individuals up to 165% FPL relative to the ACA. California Premium Subsidy values are denoted by (). ACA percentages will be used to calculate APTC for individuals with household income above 165% FPL.

- APTC would fill the gap between a consumer's required share of premium and the premium for the second-lowest-cost Silver tier plan available to them.
- Although the amount of APTC is calculated using the second-lowest-cost Silver plan, a consumer may apply the amount of APTC toward the purchase of a higher or lower tier plan but the APTC amount cannot exceed the premium of the plan the consumer enrolls in.
- APTC is calculated based on the second-lowest-cost Silver plan in a given zip code and other factors. In cases where a consumer's required share of premium equals or exceeds the premium of the plan they enroll in, they will not receive APTC because their premium is already considered affordable under federal definitions.



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Cost Sharing Reduction (CSR)

Cost-sharing reductions are subsidies to reduce an individual's out-of-pocket expenses, such as:

- Copays (the amount you pay at the time of service or are billed),
- Coinsurance (a percentage that you pay of the cost of services), and
- Deductibles (the amount you pay before the health insurance company pays).

Cost-sharing reductions are available for Silver level plans only, except for American Indian or Alaska Native consumers. See the [federal poverty level chart](#) to view the household income levels eligible for this benefit.

Rules for Financial Help

| Rule | Details |
|------------------------------|--|
| Consumer Eligibility | <ul style="list-style-type: none">• Consumers must meet income requirements for each type of assistance.<ul style="list-style-type: none">◦ See Federal Poverty Level Chart.• Consumers may be eligible for financial help (APTC and CSR) if they are not eligible for, or enrolled in, any other minimum essential coverage.• Individuals offered coverage through their employer that is affordable and provides minimum value are not eligible for financial help.<ul style="list-style-type: none">◦ See Employer Coverage Affordability Tool Process Guide.• Lawfully present individuals who meet all other eligibility requirements are eligible for financial help. |
| Qualified Health Plans (QHP) | <ul style="list-style-type: none">• Financial help is only available for health insurance plans purchased through Covered CA; it is not available for dental insurance plans.• Minimum coverage, also known as catastrophic plans, is not eligible for financial help. They are eligible for the \$1 state premium credit.• Federal premium subsidy assistance is available for all other Metal Tiers - coverage levels such as bronze, silver, gold, or platinum. |

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| Rule | Details |
|------------|---|
| | <ul style="list-style-type: none"> Cost-sharing reductions are only available for Silver plans. There is an exception for American Indians and Alaska Natives (AI/AN), who can receive CSR with any level plan. <ul style="list-style-type: none"> See Federally Recognized AI/AN Tribal Benefits Quick Guide for Enrollers |
| Tax Filing | <p>Federal</p> <ul style="list-style-type: none"> Consumers must agree to and file their federal income tax return for the benefit year they received federal APTC or cost-sharing reductions. CalHEERS will deny eligibility for federal APTC or CSR if consumers are identified by the Internal Revenue Service (IRS) as failing to reconcile their federal APTC. <ul style="list-style-type: none"> See Failure to Reconcile (FTR) Quick Guide for Enrollers. The federal penalty for not having insurance is \$0. However, in 2020, California implemented a state mandate to have insurance. Consumers without minimum essential coverage or a state exemption may be penalized. <ul style="list-style-type: none"> See California Individual Mandate and Penalty Quick Guide The amount of APTC received will need to be reconciled during the filing of the federal tax return. Excess premium assistance may need to be paid back. <p>State</p> <ul style="list-style-type: none"> Consumers who receive a California Premium Subsidy will receive a Form 3895 in 2027 for the 2026 policy year. <ul style="list-style-type: none"> See IRS Forms 1095-A, B, and C Quick Guide |