



California Individual Mandate and Penalty Quick Guide

Overview

The California individual mandate generally requires that, beginning 2020, all California residents maintain minimum essential health coverage (MEC) for each month of the year. MEC includes employer sponsored insurance, individual market coverage purchased through Covered California or directly from issuers, Medicare Parts A and C, and most Medi-Cal coverage. Those who do not meet this requirement must pay a penalty on their state income tax return unless they qualify for an exemption.

Rules for the Individual Mandate and Penalty

- This penalty may also be called the “Individual Shared Responsibility Payment”.
- Covered California does not determine the penalty amount. The penalty is determined by the Franchise Tax Board (FTB) when a consumer files their state income tax return, and the penalty amount is updated around the Fall for the upcoming year.
- To avoid a penalty, residents generally need to have qualifying health coverage for themselves, their spouse or domestic partner, and their tax dependents, for each month beginning January 1, 2020.
- A penalty will be imposed for any month in a taxable year that consumers (or their tax dependents) do not have health coverage or an exemption.

Penalty Estimator

- Penalty Estimator: The California Franchise Tax Board (FTB) launched [the individual mandate penalty estimator](#) to help consumers calculate the penalty they may owe if they go without qualifying health coverage.
- For details about a consumer’s potential penalty amount, they can contact the Franchise Tax Board:
 - FTB Website: www.ftb.ca.gov
 - FTB Phone Number: (800) 852-5711

Estimated Penalty Amounts for Tax Year 2023

- The penalty amount for not having coverage for the entire year in 2023 will be the **larger** of the following amounts:
 - **A flat amount based on the number of people in the household** – \$900 per adult 18 years or older and \$450 per dependent child, **up to** an annual max of \$2,700.
 - **A percentage of the household income** - 2.5% of all gross household income over the tax filing threshold.
- Consumers should use the [FTB estimator](#) to calculate the penalty amount based on their specific tax situations, including maintaining MEC for only part of the year.

Reminder: Additional consumer questions should be referred to the FTB or a tax professional. Do not give tax advice to consumers on how to file their federal or state income taxes.



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Rules for Exemptions

Many exemptions from the mandate can be claimed retroactively when filing the previous year's state income tax returns early in the following year. Many exemptions can be claimed retrospectively when the consumer files their state income tax return, including the short coverage gap exemption.

- Consumers who do not have coverage for 3 consecutive months or fewer may not have a penalty for those months. Consumers must claim the exemption on FTB Form 3853 when they file their state income tax return. To learn more about the short coverage gap exemption, visit www.ftb.ca.gov.
- Coverage for at least one day of the month counts as coverage for the full month.

Some exemptions from the mandate are granted through Covered California. To help consumers learn about exemptions processed by Covered California, refer to our website: [Exemptions | Covered California™](#)