



## California Premium Subsidy vs. California Premium Credit

### Overview of the California Premium Subsidy

On January 1, 2020, California became the first state in the nation to provide state subsidies (California Premium Subsidy) to middle-income consumers. Similar to the federal Advance Premium Tax Credit (APTC), the California Premium Subsidy lowered the monthly cost (premium) of health insurance. A single person making between 200% and 600% of the Federal Poverty Level (FPL) may have qualified for assistance. **The California Premium Subsidy, which was designed to be available for plan years 2020, 2021, and 2022, became obsolete in 2021 with the implementation of new federal subsidies from the American Rescue Plan (ARP).**

### **Discontinuation of the California Premium Subsidy Program**

In May 2021, the ARP was implemented in CalHEERS to lower the household required contribution percentage to no more than 8.5% of household income and expand federal subsidies to all eligible individuals regardless of income for the 2021 and 2022 benefit years.

- With the ARP, the expansion of federal subsidies exceeded what would be available to consumers through the California Premium Subsidy program.
  - In May 2021, most consumers' eligibility was updated to apply the increased federal subsidy, and the California Premium Subsidy for most consumers was therefore reduced to \$0.00.
  - Effective benefit year 2022, the California Premium Subsidy program was turned off in CalHEERS.
  - Note: Although the California Premium Subsidy Program is discontinued, the California Individual Mandate continues to apply a penalty to non-exempt individuals and their dependents for any month during the benefit year that they are uninsured.

### **Tax Filing**

**The California Premium Subsidy received must be reconciled on the consumer's California state income tax return.** Consumers who received state subsidy in 2021 will receive a California FTB Form 3895. For 2021, all state subsidy will need to be paid back (subject to repayment limits) due to the ARP's more generous assistance.

Similar to APTC, the California Premium Subsidy is refundable, and consumers enrolled in a QHP through Covered California are eligible to claim these on their state tax returns. However, for 2021, no consumers will receive a state subsidy refund due to the ARP's more generous assistance.

### Overview of the California Premium Credit

Beginning benefit year 2022, a new credit of \$1 per member per month will be applied to premiums. This new credit is called the California Premium Credit and is paid directly to the Qualified Health Plan (QHP) issuer on behalf of consumers. The credit will be paid for consumers enrolled in subsidized, unsubsidized, and catastrophic plans.

### **Clarification Between California Premium Credit and California Premium Subsidy**

Important: The California Premium *Credit* is not to be confused with the California Premium *Subsidy*. Some consumers may have received the California Premium Subsidy in 2021 before the ARP was implemented.



## California Premium Subsidy vs. California Premium Credit

### California Premium Credit

The California Premium Credit is separate from and in addition to the federal financial help consumers may receive, such as advance premium tax credit (APTC), premium tax credit (PTC), or Cost-Sharing Reduction (CSR). The California Premium Credit is not based on income and will not vary based on a consumer's age, household income, family size, federal poverty level (FPL), or cost of health care in their region.

- The California Premium Credit is based on enrollment in a QHP through Covered California and is paid directly to the QHP issuer per billed member per month.
- The \$1 credit is only available to those household members enrolled in coverage.
- No credit will be paid for consumers enrolled only in dental plans.
- Consumers can't decline or adjust the California Premium Credit amount they receive.
  - If a consumer has mid-month changes, the QHP issuer will still receive the full \$1 credit amount because this credit cannot be prorated under the applicable laws and regulations.
  - Adjusting APTC in CalHEERS will not change the amount of California Premium Credit a consumer receives.

### Tax Filing

The California Premium Credit is not refundable and does not need to be reconciled on the consumer's federal or California state tax return. It will not appear on the consumer's IRS Form 1095 or FTB Form 3895. It is not a tax credit.

### Consumer Impact

- **Starting plan year 2022, some consumers will end up having a \$0 net premium.**
  - When a consumer has a \$0 net premium, the "Pay Now" button will be hidden in CalHEERS on the **Confirmation**, **My Enrollments**, and the **My Plan Details** pages.
- **Carriers will confirm enrollment and consumers will still receive a bill, even in the case of a \$0 net premium.**
  - The \$0 premium bill should help to remind the consumer that they are still enrolled in a QHP, receiving subsidies that they'll need to reconcile when filing taxes (if applicable), and that they must terminate their QHP if necessary, if for example, they become eligible for employer-sponsored coverage or Medicare.
- Consumer notices (NOD01) will contain the following information below the Plan Selection Summary chart:
  - *Beginning in 2022, all health plan enrollments will be eligible for a monthly credit of at least \$1 per member to cover certain benefits, even if you do not ask for financial help.*

In the application the California Premium Credit will appear in key sections as shown in these examples below:

**When plan shopping, you may see a \$0-dollar monthly premium (if applicable) because of the CA Premium Credit.**

<p><b>Anthem.</b> BlueCross</p> <p>Silver 87 EPO</p> <p><b>SILVER EPO</b> CSR</p> <p><b>\$0.00</b> monthly premium</p> <p>after \$342.14 monthly savings</p> <p>Primary Care Visits You pay \$15 Generic Drugs You pay \$5 Yearly Deductible \$800 / \$0 (May Not Apply)</p> <p>Total Expense Estimate Lower </p> <p>Quality Rating </p> <p>Provider Search</p> <p><input type="checkbox"/> COMPARE    DETAILS    <b>ADD</b> </p>	<p><b>Anthem.</b> BlueCross</p> <p>Gold 80 EPO</p> <p><b>GOLD EPO</b></p> <p><b>\$0.00</b> monthly premium</p> <p>after \$439.37 monthly savings</p> <p>Primary Care Visits You pay \$35 Generic Drugs You pay \$15 Yearly Deductible \$0 / \$0</p> <p>Total Expense Estimate Lower </p> <p>Quality Rating </p> <p>Provider Search</p> <p><input type="checkbox"/> COMPARE    DETAILS    <b>ADD</b> </p>
<p><b>Anthem.</b> BlueCross</p> <p>Bronze 60 EPO</p> <p><b>BRONZE EPO</b></p> <p><b>\$0.00</b> monthly premium</p> <p>after \$313.61 monthly savings</p> <p>Primary Care Visits You pay \$65 Generic Drugs You pay \$18 Yearly Deductible \$6300 / \$500 (May Not Apply)</p> <p>Total Expense Estimate Lower </p> <p>Quality Rating </p> <p>Provider Search</p> <p><input type="checkbox"/> COMPARE    DETAILS    <b>ADD</b> </p>	<p><b>blue</b> california</p> <p>Bronze 60 PPO</p> <p><b>BRONZE PPO</b></p> <p><b>\$0.00</b> monthly premium</p> <p>after \$377.31 monthly savings</p> <p>Primary Care Visits You pay \$65 Generic Drugs You pay \$18 Yearly Deductible \$6300 / \$500 (May Not Apply)</p> <p>Total Expense Estimate Lower </p> <p>Quality Rating </p> <p>Provider Search</p> <p><input type="checkbox"/> COMPARE    DETAILS    <b>ADD</b> </p>



# California Premium Subsidy vs. California Premium Credit

You will also see the Monthly CA Premium Credit on the “Confirm Your Plan Selection” page.

Confirm Your Plan Selection

Health Plan **Bob Smith** Remove

<p>Anthem Blue Cross Silver 87 EPO</p> <p>Coverage Start Date: 02/01/2022</p>	Monthly Premium	\$342.14
	Monthly Federal Tax Credit	- \$341.14
	Monthly CA Premium Credit	- \$1.00
HEALTH MONTHLY PAYMENT		\$0.00
<b>Cart Total</b>		
TOTAL MONTHLY PAYMENT		\$0.00

It will also be listed under the “Plan Summary” section of the Plan Details.

Health Plan

Anthem Blue Cross  
Silver 87 EPO

[View Benefit Details](#)

**BENEFIT SUMMARY**

Plan Type: EPO  
Office Visit: \$15 Copay  
Generic Medications: \$5 Copay  
Deductible: \$800  
Out-of-Pocket Maximum: \$2850

<b>PLAN SUMMARY</b>		<b>CONTACT YOUR CARRIER</b>	
Coverage Start Date:	02/01/2022	Customer Service:	855-748-1804
Coverage End Date:	12/31/2022	Web:	<a href="#">Click Here</a>
Enrollment Status:	Pending	<b>COVERED FAMILY MEMBERS</b>	
Monthly Premium:	\$342.14	Self	Bob Smith 02/01/2022 - 12/31/2022
Elected APTC:	\$341.14		
CA Premium Credit:	\$1.00		
Net Premium:	\$0.00		
Premium Effective Date ? :	02/01/2022		

[Cancel coverage](#)