



FEBRUARY 4, 2020

FTB NOTICE – 2020 - 01

SUBJECT: Individual Shared Responsibility Penalty Calculation

PURPOSE:

To specify that, pursuant to section 61015 of the Revenue and Taxation Code¹, the Franchise Tax Board (FTB) will calculate the Individual Shared Responsibility Penalty imposed for an individual and a household size of five or more nonexempt individuals as described in Covered California's January 10, 2020 publication.

BACKGROUND:

Senate Bill 78 enacted Part 32, which imposes a penalty on individuals who fail to enroll in and maintain minimum essential coverage (MEC) pursuant to Section 100705 of the Government Code.

In general, the responsible individual is required to ensure an applicable spouse or applicable dependent is enrolled in and maintains MEC or is liable for the penalty for those individuals. (Section 61010, subd. (a).) Section 61010 provides that the penalty is imposed on a responsible individual for a failure by the responsible individual, or the responsible individual's applicable spouse or applicable dependent, to enroll in and maintain MEC pursuant to Section 100705 of the Government Code for one or more months, unless an exemption applies. (Section 61010, subd. (a).)

Section 61015 explains that, for each taxable year, the penalty is the lesser of (1) the sum of the monthly penalty amounts, or (2) one-twelfth of the state average premium for qualified health plans that have a bronze level of coverage for the applicable household size involved, and are offered through the Exchange for plan years beginning in the calendar year with or within which the taxable year ends, multiplied by the number of months in which a failure to have qualifying coverage occurred.

Applicable household size means, for a month in a taxable year, all nonexempt applicable household members for whom the responsible individual is liable for the penalty for that taxable year. (Section 61000, subds. (d), (i).) Applicable household

¹ Unless otherwise stated, statutory references refer to the Revenue and Taxation Code.

members are the responsible individual, the responsible individual's applicable spouse, and the responsible individual's applicable dependents. (Section 61000, subd. (d).)

Covered California issued a publication on January 10, 2020, which provides the premium amount for calendar year 2020 for an individual and for an applicable household size with five or more individuals. Consistent with Covered California's publication, the following applies for the 2020 calendar year.

Monthly State Average Bronze Plan Premium per Individual. For purposes of Section 61015, the monthly state average premium for qualified health plans that have a bronze level of coverage and are offered through Covered California is \$289 per individual.

Maximum Monthly State Average Bronze Plan Premium for the Applicable Household Size. For purposes of Section 61015, the monthly state average bronze plan premium for qualified health plans that have a bronze level of coverage and are offered through Covered California is \$1,445 for an applicable household size with five or more individuals.

The principal author of this notice is Erin Dendorfer of the Franchise Tax Board, Legal Division. For further information regarding this notice, contact Ms. Dendorfer at P.O. Box 1720, Rancho Cordova, CA 95741-1720.