



STATE OF CALIFORNIA
Franchise Tax Board

Health Care Minimum Essential Coverage Individual Mandate Report

Economic and Statistical Research Bureau

Purpose

This report is intended to fulfill the Franchise Tax Board's obligation under the Revenue and Taxation Code (RTC) Section [61050](#) to annually report by March 1, to the Legislature, and under the RTC Code Section [61045](#) to report annually on its internet website, the total number of applicable households paying the Individual Shared Responsibility Penalty (penalty), the total penalty amounts imposed, the number and amount of state financial subsidies paid and adjustments made through reconciliation, and the number and amount of penalties collected under subdivision (j) of Section [61005](#).

Prepared by the Staff of the
Franchise Tax Board
STATE OF CALIFORNIA

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Background

This section provides an overview of the legislation and administration that shaped the FTB's reporting requirement.

- Public Law 111-148 of 2010 (H.R.3590) implemented the federal Patient Protection and Affordable Care Act (PPACA), which created the Advanced Premium Tax Credit (APTC) (advanceable/refundable) for individuals between 100-400% of the federal poverty line (FPL), among other revisions to the health care system. The California Health Benefit Exchange (Exchange), also known as Covered California, was created to administer PPACA at the state level.
- Chapter 38 of the Statutes of 2019 ([SB 78](#)) created the Minimum Essential Coverage Individual Mandate (a program similar to the Individual Shared Responsibility Payment administered by the Internal Revenue Service prior to December 31, 2018). Beginning on January 1, 2020, California residents and their dependents were required to obtain and maintain minimum essential health care (MEC) coverage, unless they qualified for an exemption.

Pursuant to Part 32 (commencing with Section 61000) of the RTC, if an individual is required to obtain MEC under the mandate and does not obtain and maintain coverage or obtain an exemption, an Individual Shared Responsibility Penalty (penalty) will be imposed. The penalty is imposed per uninsured person for each month they do not maintain minimum essential coverage. To calculate the penalty, when the individual files their California income tax return, the taxpayer verifies if the members of their household either had an exemption or maintained MEC during the previous year. For those members of the household who did not have an exemption or did not maintain MEC for each month of the previous calendar year, the penalty is computed and paid.

The statute also created a state-level premium assistance subsidy to supplement the APTC through tax year 2022. The state subsidy extended financial assistance to individuals with household incomes at or below 600% of the FPL, whereas the federal subsidy applied only to individuals with household incomes between 100-400% of the FPL.

- Public Law 117-2 of 2021 (H.R.1319) implemented the federal American Rescue Plan Act (ARPA) of 2021 in response to COVID-19. ARPA increased the APTC through tax year 2022 and removed the 400% FPL income limitation. Thus, most individuals were subsidized at a higher rate. The increase was large enough to supersede state subsidies for taxpayers under 600% of the FPL while they were available (from 2021 through December 31, 2022). As a result, the establishment of the enhanced federal premium subsidy

reduced eligibility to zero for nearly all taxpayers in the California Premium Subsidy Program.

- Public Law 117-169 of 2022 (H.R.5376) implemented the federal Inflation Reduction Act (IRA), which extended the enhanced APTC through December 31, 2025. With the expanded subsidies set to expire, the assistance provided to individuals will revert to the original PPACA/APTC, which is limited to individuals with household income between 100-400% of the FPL.

Franchise Tax Board Statutory Reporting Requirements

Under Chapter 801 of the Statutes of 2019 (AB 414), the Franchise Tax Board (FTB) is required to provide an annual report to the Legislature, no later than March 1, which includes:

- The total number of households paying the penalty and the total number of dependents reported, by county and by adjusted gross income class.
- The total penalty amounts imposed statewide, by county, and by adjusted gross income class.
- The total statewide penalty amount imposed.
- The number and type of exemptions applied, and the most commonly claimed exemptions.
- The number of applicable households who pay the penalty and the number of dependents claimed, by federal poverty level category.
- The number and amount of state financial subsidies paid and adjustments made through reconciliation, by county and by federal poverty level category.

Under Chapter 38 of the Statutes of 2019 (SB 78), the FTB is also required to annually publish on its website:¹

- The total number of applicable households paying the penalty and the average penalty amount by applicable household income level.
- The number of applicable households paying the penalty by county and statewide.
- The total penalty amount collected.²
- The number and type of the most commonly claimed exemptions.
- The number and total penalty amounts collected under subdivision (j) of Section 61005.

¹ This report also fulfills the SB 78 requirement to publish on FTB's website.

² The FTB is unable to isolate the amount of individual shared responsibility penalties collected, as penalty collection data is combined. Therefore, this report focuses on penalty amounts imposed (assessed).

Data

The March 1, 2026, Health Care Minimum Essential Coverage Individual Mandate Penalty Report includes timely filed and processed return data available as of September 30, 2025. When filing their tax return, taxpayers indicate whether they maintained coverage or had an exemption for the tax year and self-assess penalties in the event they did not. The process is described in more detail on Page 9. Table 1 contains information about the amount of penalty self-assessed by taxpayers during the most recent processing season.

Table 1: Process Year 2025 Individual Shared Responsibility Penalty Assessed*

Variables	Count	Assessed Amount	Average (Mean)	Median
Individual Shared Responsibility Penalty Assessed	208,283	\$237,804,497	\$1,142	\$900

* Returns processed through September 30, 2025.

Five counties (Los Angeles, Orange, Riverside, San Diego, and Santa Clara) represented over 50 percent of the reported penalties, Los Angeles County being the largest. Table 2 contains the total number of applicable households reporting the penalty, the penalty amount assessed, and the total number of dependents reported by county.

Table 2: Process Year 2025 Individual Shared Responsibility Penalty Assessed*

County	Assessed Count	Assessed Amount	Number of Dependents
ALAMEDA	7,477	\$9,328,549	1,891
ALPINE	**	**	**
AMADOR	195	\$204,869	68
BUTTE	1,066	\$1,090,132	279
CALAVERAS	248	\$313,137	124
COLUSA	255	\$227,900	126
CONTRA COSTA	4,249	\$5,752,362	1,327
DEL NORTE	109	\$107,717	25
EL DORADO	874	\$956,890	243
FRESNO	4,546	\$4,247,160	1,461
GLENN	196	\$181,933	94
HUMBOLDT	823	\$855,904	223
IMPERIAL	1,183	\$1,237,858	597
INYO	133	\$122,894	40
KERN	3,446	\$3,414,262	1,288
KINGS	493	\$467,674	256
LAKE	397	\$412,077	148

County	Assessed Count	Assessed Amount	Number of Dependents
LASSEN	98	\$98,833	34
LOS ANGELES	49,818	\$53,320,181	13,262
MADERA	591	\$584,454	260
MARIN	1,151	\$1,778,486	374
MARIPOSA	86	\$83,616	15
MENDOCINO	585	\$672,159	221
MERCED	1,212	\$1,118,622	525
MODOC	32	\$33,905	13
MONO	124	\$114,260	21
MONTEREY	2,325	\$2,534,865	775
NAPA	734	\$873,659	201
NEVADA	510	\$613,074	141
ORANGE	16,752	\$19,213,080	5,411
PLACER	1,712	\$2,047,717	577
PLUMAS	123	\$118,793	33
RIVERSIDE	12,666	\$13,617,147	5,176
SACRAMENTO	7,256	\$7,229,613	1,947
SAN BENITO	462	\$515,442	227
SAN BERNARDINO	11,209	\$11,518,930	4,353
SAN DIEGO	20,462	\$22,687,897	6,827
SAN FRANCISCO	4,682	\$6,050,173	616
SAN JOAQUIN	4,162	\$4,041,655	1,606
SAN LUIS OBISPO	1,689	\$1,887,881	528
SAN MATEO	3,311	\$4,460,975	792
SANTA BARBARA	2,483	\$2,854,391	931
SANTA CLARA	9,659	\$12,962,117	2,541
SANTA CRUZ	1,401	\$1,714,282	291
SHASTA	1,228	\$1,299,901	466
SIERRA	**	**	**
SISKIYOU	226	\$240,645	72
SOLANO	1,897	\$2,038,569	504
SONOMA	2,704	\$3,002,978	872
STANISLAUS	2,424	\$2,468,720	1,023
SUTTER	562	\$508,794	165
TEHAMA	302	\$282,188	97
TRINITY	57	\$60,595	25
TULARE	1,567	\$1,511,426	530
TUOLUMNE	253	\$305,286	89
VENTURA	4,806	\$5,367,437	1,771
YOLO	903	\$893,951	248
YUBA	375	\$375,029	154

County	Assessed Count	Assessed Amount	Number of Dependents
OTHER ***	9,972	\$17,751,376	2,653
Total	208,283	\$237,804,497	64,562

* Returns processed through September 30, 2025.

** This data cannot be disclosed because the number of returns is too small under state privacy rules.

*** Includes resident taxpayers who filed using an out-of-state address.

Table 3 contains the total number of applicable households that reported the penalty, the total number of dependents for whom applicable households owed the penalty, and the total penalty amounts assessed by adjusted gross income. Penalties assessed in exempt income ranges are due to taxpayer error. Corrections or adjustments made in post processing may not be captured in this report.

Table 3: Process Year 2025 Individual Shared Responsibility Penalty Assessed by AGI*

AGI Class	Assessed Count	Assessed Amount	Average Penalty	Number of Dependents
\$ NEGATIVE	**	**	**	**
\$0 TO \$9,999	177	\$181,514	\$1,026	**
\$10,000 TO \$19,999	355	\$317,478	\$894	37
\$20,000 TO \$29,999	26,850	\$17,775,908	\$662	81
\$30,000 TO \$39,999	35,356	\$23,772,649	\$672	1,195
\$40,000 TO \$49,999	32,044	\$22,932,659	\$716	4,327
\$50,000 TO \$59,999	24,551	\$18,817,036	\$766	6,204
\$60,000 TO \$69,999	18,704	\$16,952,224	\$906	5,861
\$70,000 TO \$79,999	14,691	\$15,566,494	\$1,060	8,100
\$80,000 TO \$89,999	11,243	\$13,513,153	\$1,202	7,049
\$90,000 TO \$99,999	8,249	\$10,734,544	\$1,301	5,651
\$100,000 TO \$124,999	12,850	\$19,496,181	\$1,517	9,254
\$125,000 TO \$149,999	6,838	\$13,099,237	\$1,916	5,031
\$150,000 TO \$174,999	3,973	\$9,387,227	\$2,363	2,796
\$175,000 TO \$199,999	2,562	\$7,202,341	\$2,811	1,874
\$200,000 TO \$249,999	2,954	\$10,025,369	\$3,394	2,115
\$250,000 TO \$299,999	1,720	\$6,886,883	\$4,004	1,159
\$300,000 TO \$349,999	1,098	\$5,134,867	\$4,677	784
\$350,000 TO \$399,999	759	\$3,861,926	\$5,088	581
\$400,000 TO \$449,999	540	\$2,979,340	\$5,517	322
\$450,000 TO \$499,999	396	\$2,377,810	\$6,005	293
\$500,000 TO \$599,999	573	\$3,662,754	\$6,392	433
\$600,000 TO \$699,999	388	\$2,644,588	\$6,816	314
\$700,000 TO \$799,999	239	\$1,778,302	\$7,441	197

AGI Class	Assessed Count	Assessed Amount	Average Penalty	Number of Dependents
\$800,000 TO \$899,999	197	\$1,560,444	\$7,921	142
\$900,000 TO \$999,999	157	\$1,192,632	\$7,596	130
\$1,000,000 TO \$1,999,999	494	\$3,653,090	\$7,395	382
\$2,000,000 TO \$2,999,999	135	\$952,843	\$7,058	106
\$3,000,000 TO \$3,999,999	59	\$478,956	\$8,118	56
\$4,000,000 TO \$4,999,999	**	**	**	**
\$5,000,000 TO \$HIGH	89	\$654,780	\$7,357	52
Total	208,283	\$237,804,497	\$1,142	64,562

* Returns processed through September 30, 2025.

** This data cannot be disclosed because the number of returns is too small under state privacy rules.

The [poverty guidelines](#) (also known as the federal poverty level) are a federal poverty measure issued each year by the Department of Health and Human Services. The guidelines are applied by number of persons in the household. For calendar year 2024, the federal poverty level for a single member household was \$15,060 and \$31,200 for a four-person household.

Table 4 contains the number of applicable households who reported they owed the penalty, the amount of penalty assessed, and the number of dependents claimed by federal poverty level category. Penalties assessed in exempt income ranges are due to taxpayer error. Corrections or adjustments made in post processing may not be captured in this report.

Table 4: Process Year 2025 Individual Shared Responsibility Penalty by Federal Poverty Level*

Federal Poverty Level	Assessed Count	Assessed Amount	Number of Dependents
Income less than 139% of the Federal Poverty Level	791	\$811,188	442
Income between 139% and 266% of the Federal Poverty Level	77,512	\$57,173,526	23,134
Income between 267% and 400% of the Federal Poverty Level	66,207	\$55,243,904	22,607
Income greater than 400% of the Federal Poverty Level	63,773	\$124,575,879	18,379
Total	208,283	\$237,804,497	64,562

* Returns processed through September 30, 2025.

In addition, in compliance with RTC Section 61045, the FTB is required to issue a penalty for the failure to report health coverage information to “applicable

entities.” At this time, the FTB continuously evaluates whether any “applicable entities” are subject to the penalty, but no penalties have been issued to date.

When the individual files their California income tax return, the taxpayer verifies members of their applicable household and reports on each member’s health coverage. If the taxpayer is unable to check the full year coverage box, which covers all members of the family on the Form 540, the taxpayer fills out [Form 3853](#) and reports any applicable exemptions for each member of the household by month. For purposes of reporting on Form 3853, when a taxpayer or member of their applicable household does not have coverage for the entire year, the individual claims an exemption for maintaining MEC for the months that they had coverage. On Form 3853, members of the applicable household that maintain MEC for the full year can claim a full year exemption. In the event they are unable to maintain coverage or an exemption for the entire tax year, taxpayers self-assess and pay the penalty when they file their return, which is the data reported above.

Below is an example of how Form 3853 might look for a three-member household. Member 1 was able to maintain MEC for the entire year, Member 2 maintained intermittent coverage, and Member 3 reported two different exemptions over the year.

Household Member	Member 1	Member 2	Member 3
Full Year	Maintained MEC		
January		Maintained MEC	Maintained MEC
February		Maintained MEC	Living abroad
March		Maintained MEC	Living abroad
April			Living abroad
May			Living abroad
June			Living abroad
July			Living abroad
August		Maintained MEC	Living abroad
September		Maintained MEC	Maintained MEC
October		Maintained MEC	Maintained MEC
November		Maintained MEC	Maintained MEC
December		Maintained MEC	Maintained MEC

For process year 2025, roughly 490,000 full year exemptions and approximately 2.7 million monthly exemptions were reported for applicable household members (see Table 5 for exemption types applied for a full year and Table 6 for exemption types applied by month). The Exchange grants exemptions from the mandate for reasons of hardship or religious conscience by issuing a certificate

of exemption. Other exemptions can be claimed when filing the tax return. The four most common full year exemptions used were:

- Member of household maintained minimum essential coverage
- Citizens living abroad and certain noncitizens
- Nonresident/Part-year resident
- Coverage considered unaffordable — The required contribution is more than 7.97% of your household income

For more detail on the exemptions codes please see [Form 3853](#) instructions.

Table 5: Process Year 2025 Exemptions Reported for a Full Year*

Full Year Exemption	Frequency
Household member maintains minimum essential coverage**	155,447
Nonresident/Part-year resident	126,386
Citizens living abroad and certain noncitizens	91,970
Coverage considered unaffordable — The required contribution is more than 7.97% of your household income.	89,208
Families' self-only coverage combined cost is unaffordable	13,056
Enrolled in limited or restricted-scope Medi-Cal or other coverage from the California Department of Health Care Services	4,200
Members of health care sharing ministry	4,195
General hardship	1,731
Members of federally-recognized Indian tribes including Alaskan Natives	1,224
Coverage considered unaffordable based on projected income as determined by the Exchange	780
Members of certain religious sects	247
Incarceration (other than incarceration pending the disposition of charges)	156
Member of applicable household born or adopted during the year	108
Short coverage gap of three consecutive months or less	53
Taxpayer entered an unused exemption code	51
Member of applicable household died during the year	39
Total	488,851

* Returns processed through September 30, 2025.

** Individuals who have minimum essential coverage for the full year but are unable to check the box on the return for full year coverage for their entire applicable household claim an exemption for full year coverage on Form 3853.

Table 6: Process Year 2025 Monthly Exemptions Reported*

Monthly Exemptions	Frequency
Household member maintains minimum essential coverage	1,818,735
Coverage considered unaffordable — The required contribution is more than 7.97% of your household income.	353,612
Short coverage gap of three consecutive months or less	172,229
Nonresident/Part-year resident	153,569
Citizens living abroad and certain noncitizens	59,823
Enrolled in limited or restricted-scope Medi-Cal or other coverage from the California Department of Health Care Services	43,002
Families' self-only coverage combined cost is unaffordable	42,940
Member of applicable household born or adopted during the year	24,819
General hardship	11,538
Member of applicable household died during the year	6,146
Members of health care sharing ministry	5,813
Coverage considered unaffordable based on projected income as determined by the Exchange	3,182
Members of federally-recognized Indian tribes including Alaskan Natives	1,497
Incarceration (other than incarceration pending the disposition of charges)	1,479
Members of certain religious sects	1,385
Taxpayer entered an unused exemption code	170
Total	2,699,939

* Returns processed through September 30, 2025.

** Individuals who have minimum essential coverage for the full year but are unable to check the box on the return for full year coverage for their entire applicable household claim an exemption for part year coverage on Form 3853.

Premium Assistance Subsidy

In taxable year 2020, the Exchange provided health care coverage financial assistance, or a subsidy, to California residents with household incomes at or below 600% of the federal poverty level. This subsidy supplemented the federal premium tax credit available to individuals and households with income at or below 400% of the federal poverty level. The subsidy was subject to reconciliation against actual household income, family size, and other factors when the individual filed their California income tax return.

Using projected income, until January 1, 2023, the individual could apply to the Exchange for an advanced subsidy, generally done at the beginning of each year. At the end of each year, when the taxpayer filed their California income tax return, they reconciled the advanced subsidies received based on income projections against the subsidies they were allowed based on their actual income.

As mentioned above, at the federal level, when ARPA was chaptered in 2021, the income limit for enhanced federal premium assistance was removed. This federal premium assistance was made available for tax years 2021 and 2022, resulting in the zeroing out of the state program, as individuals with incomes up to 600% of the FPL were now covered by the federal program. After the IRA was chaptered in 2022, federal premium assistance was extended through 2025.

Without changes at the federal level, beginning in tax year 2026, the subsidy enhancements to the APTC are set to expire. The expiration will revert the subsidies to levels originally set in the PPACA. This will result in likely increases in out-of-pocket premium costs for most individuals. While the exact effect of these premium increases is unknown, higher premium costs could lead to decreased coverage rates, increased number of penalty assessments, and increased exemption claims, which will impact the data presented in future reports.

In summary, California requires individuals and/or applicable household members to maintain MEC. If the individual or applicable household members do not maintain a full year of MEC, or have an exemption, they are subject to a penalty for each month MEC is not maintained. To supplement the cost of healthcare premiums, the federal government is currently providing financial support, through 2025, in the form of enhanced federal premium assistance for all individuals with no income limit. With the upcoming expiration of the IRA, which extended ARPA healthcare federal subsidies, we anticipate the offset of these subsidies will be reversed in future years. We expect results in the 2027 report that will reference 2026 tax data.