



Michael Wilkening
Acting Director

State of California—Health and Human Services Agency
California Department of Public Health



EDMUND G. BROWN JR.
Governor

OFFICE OF AIDS
AIDS DRUG ASSISTANCE PROGRAM

Management Memorandum
Memorandum Number: 2015-05

DATE: March 13, 2015
TO: ADAP ENROLLMENT WORKERS
SUBJECT: Updates Regarding Covered California

Covered California Open Enrollment

The purpose of this memorandum is to inform you that Covered California Open Enrollment has been extended through April 30, 2015. The extension was granted to give people who did not know about the tax penalty for not having health insurance extra time to obtain insurance so that they can avoid the tax penalty next year. To attest to this fact, these individuals will need to select “Informed of Tax Penalty Risk” when filling out an application at www.CoveredCA.com

Tax Penalties

Individuals who choose not to obtain health insurance may face a tax penalty next year. Per federal law, the penalty for not having minimum essential coverage is either a flat dollar amount, or a percentage of your household income, whichever is greater. In 2015, the annual penalty is \$325 for each adult or 2% of the annual household income. In 2016 and beyond, the annual penalty is the greater of \$695 for each adult or 2.5% of income. The fee will be paid when individuals file their taxes.

IRS Form 1095-A

In January 2015, Covered California mailed out IRS Form 1095-A to every Covered California consumer for the purpose of reporting how much the individual received in Advanced Premium Tax Credit (APTC) in 2014. This form is used to assess for overpayment or underpayment of APTC when the individual files his/her 2014 federal taxes. According to Covered California, a number of the 1095-A forms that were sent out had incorrect information due to discrepancies in data between Covered California and insurance plan providers. Individuals who had received incorrect forms were notified by letter and by e-mail by the second week of February. Amended 1095-A forms will be sent out by the end of February to those who were affected. Individuals who

Management Memorandum No. 2015-05
March 13, 2015

have already filed their taxes will need to submit an amendment to their return. For more information about amending a tax return, please visit:
<http://www.irs.gov/uac/Newsroom/IRS-Offers-Tips-on-How-to-Amend-Your-Tax-Return>

ADAP – Covered California 2015 Formulary Comparison Chart

This chart identifies antiretroviral and hepatitis C drugs on ADAP's formulary with those on Covered California health plan formularies. This chart is located on the Office of AIDS website at
<http://www.cdph.ca.gov/programs/aids/Documents/ADAPCoveredCaliforniaFormularyARVComparisonChart.pdf>. If you have questions regarding this chart please contact Cynthia Reed-Aguayo at cynthia.reed-aguayo@cdph.ca.gov or (916) 449-5791.

If you have any additional questions regarding this memorandum, please contact Irina Banar at irina.banar@cdph.ca.gov or (916) 449-5882.

Please share this memorandum with all enrollment workers at your site.

Thank you,



Niki Dhillon, ADAP Branch Chief
California Department of Public Health
cc: ADAP Coordinators



Michael Wilkening
Acting Director

State of California—Health and Human Services Agency
California Department of Public Health



EDMUND G. BROWN JR.
Governor

March xx, 2015

Dear Client,

You are receiving this letter because in 2014 you were co-enrolled in a Covered California health insurance plan and the California Department of Public Health, Health Insurance Premium Payment (HIPP) program which paid your premiums on your behalf. If you were eligible for an Advanced Premium Tax Credit (APTC), you should have received IRS Form 1095-A from Covered California by January 31, 2015. If you received an incorrect IRS Form 1095-A, you would have been contacted by Covered California by the second week of February. An amended form should be sent to you by the end of February. This form will indicate how much you received in APTC for the year.

Your 2014 APTC will be assessed for overpayment or underpayment by the Internal Revenue Service (IRS) based on your actual reported 2014 income.

You must take the following steps to maintain your HIPP premium assistance:

Step 1:

You must file federal taxes. When you do so, you will need to fill out IRS Form 8962 to document the APTC dollar amount received and the actual APTC owed based on income and household size. Form 8962 will be used to indicate whether you owe the IRS money due to an APTC overpayment (you received too much APTC) or will receive a net premium tax credit (refund) due to an APTC underpayment (you did not receive enough APTC). You must file federal taxes in order to avoid IRS penalties. Final authority on tax filing guidance comes from the IRS. For more information, please visit www.IRS.gov.

Step 2:

You must submit your signed 2014 federal tax return and IRS Form 8962 (should be attached to the tax return) during your HIPP re-enrollment (every year during your birth month) or recertification (six months after your birth month), whichever comes first after your taxes are done (by April 15, 2015). If you submitted a tax extension (IRS Form 4868) you will need to submit the IRS Form 4868 to HIPP and you must provide a copy of your tax return and Form 8962 by October 15, 2015. Failure to submit the required documents will hinder your HIPP premium assistance.

IRS Refund

If you overestimated your 2014 income and thus did not receive enough APTC, you are due a net premium tax credit from the IRS. This means that HIPP overpaid the monthly premium to your health plan, therefore the net premium tax credit (Line 69 on IRS Form 1040) must

be returned to HIPP in the form of a cashier's check or money order, made payable to CDPH Insurance Assistance Section, and mailed to:

CDPH, Insurance Assistance Section
P.O. Box 997426, MS 7704
Sacramento, CA 95899-7426

IRS Liability

If you underestimated your 2014 income to Covered California and thus received too much APTC, you will owe the IRS money. The amount due will be indicated on Line 46 on IRS Form 1040. At this time HIPP will not be able to assist you with these tax liabilities.

Notify Covered California of Changes

It is critical that you report changes to Covered California throughout the year to avoid underpayment or overpayment of APTC. You must notify Covered California if you: get married or divorced, gain or lose a dependent, have a change in income, or experience other changes that may affect your income and/or household size. To report changes, call Covered California at (800) 300-1506 within 30 days of the change.

Helpful Resources

Please contact your enrollment worker if you have any questions or need assistance in submitting required documents to HIPP. For questions pertaining to Covered California, please visit www.coveredca.com. If you have questions regarding federal taxes, please visit www.irs.gov. If you need help filing taxes, the Volunteer Income Tax Assistance (VITA) program offers free tax help. Also, the Tax Counseling for the Elderly (TCE) program offers free tax help for *all* individuals. Please visit this website to find a site near you: <http://www.irs.gov/Individuals/Free-Tax-Return-Preparation-for-You-by-Volunteers>

California Department of Public Health Notice