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Revision Date:

May 1, 2022

Background:

Federal law (Title 26 Code of Federal Regulations (CFR) § 1.5000A-1 (2013)) requires individuals to have health coverage that meets Minimum Essential Coverage (MEC) unless the individual meets the requirements for an exemption. This requirement is also known as the “Affordable Care Act (ACA) Individual Mandate” or the “Federal Individual Mandate”. Beginning in tax year 2019, the Internal Revenue Services (IRS) removed questions pertaining to MEC from the IRS Form 1040, used to file federal taxes, and reduced the penalty to \$0 for individuals who fail to maintain MEC.

Under state law, Title 24 of the Government Code, titled “Minimum Essential Coverage Individual Mandate,” (Gov. Code §§ 100700 - 100725) requires California residents to enroll in and maintain MEC beginning January 1, 2020. Californians must pay a state penalty if they do not meet this requirement unless they qualify for an exemption.

Purpose:

This section provides policy regarding MEC and includes procedures for handling 1095 tax form requests. It is updated to include clarifications and updates from All County Welfare Directors Letter (ACWDL) 21-11 and Medi-Cal Eligibility Division Information Letter (MEDIL) I 22-09 regarding tax Form 1095-B and Form 3895.

Policy:

Federal law requires the Department of Health Care Services (DHCS) to:

- Provide IRS Tax Form 1095-B to beneficiaries with MEC Medi-Cal on or before January 31 of the year following the tax year DHCS provided MEC
- Provide Form 1095-B data electronically to IRS by March 31 of the year following the tax year DHCS provided MEC
- Ensure reprints of the Form 1095-B are available upon request for beneficiaries as well as report corrected information to the IRS and generate a new, corrected Form 1095-B for the beneficiary
- Provide direct call center support for beneficiaries who are seeking information about Form 1095-B

Note: Effective January 2021, beneficiaries can use the Form 1095-B as evidence of MEC for both the state and federal mandates.

Minimum Essential Coverage (MEC)

To avoid a state tax penalty, most individuals are required to obtain health coverage that meets the MEC requirements for at least nine calendar months out of the year.

To qualify for MEC coverage, the following services must be included in health plans:

1. Ambulatory services
2. Emergency services
3. Hospitalizations
4. Maternity and newborn care
5. Mental health and substance use services

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6. Rehabilitative services and devices
7. Prescription drug coverage
8. Laboratory services
9. Preventive, wellness, and chronic disease management services
10. Pediatric services, including oral and vision care

MEC Medi-Cal includes cash-linked Medi-Cal such as the California Work Opportunity and Responsibility to Kids (CalWORKs), Foster Care and Supplemental Security Income (SSI) programs. Medi-Cal services that are restricted, Medically Needy (with a SOC, when the SOC has not been met), State-funded only, family planning, tuberculosis and non-Medicaid are not MEC.

Non-MEC Medi-Cal Aid Codes

Beneficiaries placed in a Medi-Cal program that is not considered MEC will not receive a Form 1095-B. For a list of Non-MEC and MEC Medi-Cal aid codes refer to Desk Aid 81 in the Eligibility Essentials site.

Qualifying Exemptions and Tax Penalties

Most people who do not have qualifying health coverage must either pay a fee (state tax penalty) or qualify for an exemption when they file their taxes.

Exemptions

Individuals may apply for an exemption with the federal marketplace at www.healthcare.gov/exemptions or call 1-800-318-2596. Exemptions include:

- Short coverage gap (less than 3 months)
- Financial Hardships
- Incarceration
- American Indian tribes
- Religious objections
- Undocumented Immigrant

Tax Penalty

Individuals who are mandated but do not have qualifying coverage or meet an exemption are required to pay a tax penalty on their state tax return. Refer individuals inquiring about tax penalties to the Franchise Tax Board (FTB).

Procedure:

04.23.01A Tax Forms

There are three types of IRS Form 1095 that a beneficiary may receive:

- IRS Form 1095-A and FTB Form 3895: Provided by Covered California (CA)
- IRS Form 1095-B: Provided by DHCS
- IRS Form 1095-C: Provided by health insurance carriers or employers with sponsored health plans

Beneficiaries may receive more than one type if they had more than one health coverage.

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IRS Tax Form 1095-A and FTB Form 3895

Some beneficiaries may have health coverage provided by Covered CA and Medi-Cal during the given tax year. Some families have members in Medi-Cal and others in Covered CA. That means some families and certain beneficiaries may receive MEC information from both DHCS and Covered CA in the same year.

Covered CA will provide IRS Tax Form 1095-A *Health Insurance Marketplace Statement* and FTB Form 3895 California Health Insurance Marketplace Statement attached to a cover letter. These pre-populated forms contain information that is needed to help beneficiaries validate the amount of Advance Premium Tax Credits (APTC) they have received or, if they have not received APTC, to see if they might be eligible to receive a lump sum Premium Tax Credit (PTC) when they file their federal income taxes. This evaluation is done by the beneficiary or their tax preparer on IRS Form 8962 Premium Tax Credit. The cover letter provides basic information summarizing the purpose of the form. Covered CA will submit the information on Form 1095-A electronically to the IRS.

Information on Forms 1095-A and 3895 include:

- Beneficiary policy number, household member names, Date of Birth (DOB), Social Security Number (SSN)
- Beneficiaries enrolled in a health plan
- The number of months each member had health coverage
- The amount paid in monthly premiums
- The amount of premium assistance or PTCs paid in advance (if any)

The forms and the cover letters are mailed in batches and are electronically available to beneficiaries in their secure mailbox in their Covered CA account by January 31. If a copy of the form is requested, beneficiaries may:

- Access it in their secured mailbox via their Covered CA account
- Seek in-person assistance at any FRC. Staff can access the form in CalHEERS under the Document & Correspondence section of the beneficiary's case. The form must be handed to the beneficiary; it cannot be mailed
- Contact a Certified Enrollment Counselor (CEC) to access the form and print

Beneficiaries may receive more than one Form 1095-A or Form 3895 if any member of the household:

- Was enrolled in more than one Covered CA health plan
- Changed their health plan level benefit
- Was enrolled in different health insurance plans

CalHEERS Job Aid: Form 1095-A is available in the Eligibility Essentials site and provides an overview of the documents that comprise the notice and explains functionality to view the notice.

For mixed households (Modified Adjusted Gross Income (MAGI) Medi-Cal and Covered CA premium tax credits), staff may need to make corrections or changes in CalWIN even though the form is issued by Covered CA.

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The following may be changed in CalWIN and will auto generate a Corrected Form 1095-A:

- Name changes or correction from any household
- SSN change or correction
- DOB change or correction
- Address change or correction

IRS Form 8962 is used to reconcile the beneficiary's eligibility for, and the amount of, premium tax credit they are eligible to receive. This information is compared to the amount of APTC the beneficiary may have already received during the tax year. If they have received too much, they may have to pay back some or all the tax credits that have been paid for their health coverage premiums. If they have received too little in APTC, they may be eligible to be paid the extra amount they should have received in the form of a tax refund or PTC.

Direct beneficiaries requesting information about their IRS Form 1095-A or FTB Form 3895 to call Covered CA.

Form 1095-B

DHCS is responsible for issuing Form 1095-B and a cover letter to all Medi-Cal beneficiaries who had Medi-Cal MEC coverage the previous year. The cover letter explains the purpose of the DHCS version of Form 1095-B they are receiving.

Medi-Cal beneficiaries will use the Form 1095-B to report their health coverage when they file their federal taxes. Form 1095-B is not required for beneficiaries to file their federal taxes, beneficiaries may self-attest their Medi-Cal MEC health coverage when filing. Beneficiaries are encouraged to keep the Form 1095-B as it is their proof of MEC health coverage provided by DHCS.

The Form 1095-B will be mailed to each person enrolled in MEC coverage. Information on Form 1095-B includes:

- Name of responsible beneficiary
- Name, address, DOB (only if using Pseudo Medi-Cal Eligibility Data System (MEDS)-ID or if an SSN is not available), last four digits of their SSN of the covered beneficiary
- Months of Medi-Cal that meets MEC coverage requirement
- Case number and Client Index Number (CIN)
- Print date

Note: Beneficiaries eligible for Medi-Cal during several months of the year and enrolled in a Covered CA health plan with tax credits during other months will receive both forms.

04.23.01B Medi-Cal Information Notice – Notice to Beneficiaries Regarding IRS Form 1095-B (MC 020)

To notify Medi-Cal and CalWORKs applicants of the MEC requirement, MC 020 Informing Notice-Notice to Beneficiaries Regarding Form 1095-B must be provided to Medi-Cal and CalWORKs applicants.

This notice provides applicants:

- Information about Form 1095-B

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- A reminder to report all changes that may affect their Medi-Cal eligibility including, income tax filing status or family size
- The significance of the form and how it may be used while filing taxes
- Where to go to find additional information and support in all threshold languages

04.23.01C Mailing of Form 1095-B

The mailing of Form 1095-B will be staggered and postmarked by January 31 following the given tax year. DHCS will always send Form 1095-B to the beneficiaries most current, verified address found on their record in MEDS. If no valid address is known, the beneficiary's Form 1095-B will be suppressed for the purposes of protecting Protected Health Information (PHI). However, the Form 1095-B will be available for reprint in MEDS at the request of the beneficiary.

All subsequent mailings that occur after the annual mailing will be ongoing and will continue until the next year's annual begins. It is estimated that it will take between 45-60 days for a newly generated reprint or corrected Form 1095-B to be delivered from the time the request is received. There are three scenarios for which a Form 1095-B will be generated:

- **Corrected:** A Corrected Form 1095-B is automatically generated when an update or change is made to a beneficiary's record in MEDS through CalWIN that had already been transmitted to the IRS. Corrected data is transmitted to the IRS and mailed to the beneficiary during the next monthly batch print cycle. Changes that qualify as a correction are as follows:
 - A new or corrected SSN
 - Pseudo MEDS-ID to Numeric MEDS-ID
 - A new Numeric MEDS-ID replaces an old Numeric MEDS-ID
 - A change in the months having MEC
 - Any change in aid code for any given month that will add or remove MEC status for a beneficiary
 - A name change, if the change occurred after an original Form 1095-B was reported to have a name/SSN mismatch by the IRS

The corrected Form 1095-B will be accompanied by a cover letter that will inform the beneficiary of its purpose.

- **Reprint:** A reprint of Form 1095-B is generated by staff submitting a reprint request through the MEDS IN95 screen. The reprint will be mailed in the next monthly batch print process. A reprint of Form 1095-B will be accompanied by a reprint cover letter that will inform the beneficiary of its purpose.
- **Tax Filer Reprints with Address Override:** A beneficiary who requests to have their Form 1095-B mailed to a designated beneficiary must submit the request in writing. The written request serves as the beneficiary's authorization to have their Personal Identifiable Information (PII) released to another party. Request a written authorization from the beneficiary when such a reprint request is made over the phone or in-person. Written requests can be made by regular mail or via other commonly used forms of written communication (for example: email, fax, scanned). Telephonic signatures can also be used when the request is made over the phone authorizing the release of the Form 1095-B to a designated individual.

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If a written or telephonically signed authorization is not obtained from the beneficiary, a Form 1095-B reprint will not be issued to anyone other than the beneficiary or their Authorized Representative (AR).

A reprint of Form 1095-B for a tax filer is generated by staff submitting a tax filer request through the MEDS IN95 screen. The generated Form 1095-B is sent to the address that is not the mailing address of the beneficiary, such as the tax preparer. This address is recorded into the 1095-B database for auditing purposes but will not update the beneficiary's MEDS record.

Required action:

- Staff will make appropriate updates in CalWIN for a Corrected Form 1095-B to automatically generate.
- Staff will submit a request for a reprint of Form 1095-B whenever a request for reprint is received. For reprint instructions refer to the *MEDS IN95 Screens Procedure Manual* located in Eligibility Essentials under MEDS.

Refer to Medi-Cal Desk Aid 82 Form 1095-B Beneficiary Scenarios for a list of scenarios and actions to take regarding situations that may occur.

04.23.01D Form 1095-B Returned

A MEDS alert is generated for each returned form. The following MEDS alerts will be generated and require action:

Alert #	Alert	Description
9003	Death Reported to MEDS- MEDS/CDB Eligibility Terminated *URGENT	Indicates a returned mailing was received with a "deceased" notice; required action to be taken to terminate benefits
8024	IRS Document Returned as Undeliverable *PRI-ACC	Indicates an IRS related document was received as an undeliverable mailing. Requires action to be taken to acquire and update outdated information
9072	IRS Document- Loss of Contact- Redetermination Required *CRITCL	Indicates there was consecutive returned mailings and a loss of contact; requires action to be taken

Staff must process the MEDS alerts based on current business process.

Upon receipt of returned mail, or other indication that the beneficiary has moved, and there has been no change of address reported, staff must make reasonable attempts to contact the beneficiary. Prior to discontinuing the case, staff will:

- Perform an *ex parte* review of information available in CalWIN, CalHEERS, and MEDS for the beneficiary and family members to determine the most current contact information
- Attempt to contact the beneficiary by phone, or their preferred method of contact
- Mail the MC 355 if contact is unsuccessful
- Note all case actions in case comments

If all required attempts at contact fail, send the appropriate discontinuance NOA. Refer to Medi-Cal Program Guide (MPG) 04.13 for additional policy and procedures for returned mail.

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Reminder: Former Foster Youth (FFY) up to age 26 must not be discontinued due to a loss of contact.

Note: SSI/State Supplement Program (SSP) linked Medi-Cal beneficiaries returned Form 1095-B mailings will be destroyed by DHCS.

04.23.01E Notice for Requested Action (NFRA)

Every January, DHCS transmits all MEC information to the IRS for the reported tax year. If there is missing or incorrect Medi-Cal information on the Form 1095-B reported to IRS, DHCS will send beneficiaries a NFRA. The notice informs the affected beneficiaries to contact the county to review the information on their record. Staff must take appropriate action if any, of the missing or incorrect information.

Required action:

Any missing or incorrect information must be updated in CalWIN. The correction will automatically trigger a "Corrected" Form 1095-B to be sent to the beneficiary. Refer to the MEDS IN95 Screens Procedure Manual in Eligibility Essentials under MEDS for information on the error that resulted in a NFRA mailing.

04.23.01F SSI/SSP Beneficiaries

DHCS is sending Form 1095-B to SSI/SSP beneficiaries. SSI/SSP beneficiaries will be directed to contact county staff for assistance on their Form 1095-B.

Staff will assist by:

- Updating the beneficiary's address in MEDS
- Processing Form 1095-B reprint requests
- Processing Form 1095-B reprints for the tax filer address override
- Inform the SSI/SSP recipient to contact their local Social Security Administration (SSA) office to ensure they report any changes to SSA
- Request a remedy ticket to the state via our county MEDS coordinator for SSI/SSP records that contain discrepancies or require changes that are required for 1095-B data

04.23.01G County Children's Health Initiative Program (CCHIP) and Medi-Cal Access Program (MCAP)

CCHIP and MCAP beneficiaries should contact MAXIMUS to update their information and request Form 1095-B reprints. Contact Information:

MCAP: Medi-Cal Access Program
P.O. Box 15559
Sacramento, CA 95852-0559
(800) 433-2611

CCHIP: County Children's Health Initiative Program
P.O. Box 138004
Sacramento, CA 95813-8004
(833) 912-2447

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04.23.01H DHCS Medi-Cal Help Desk

DHCS' Medi-Cal Help Desk may assist beneficiaries with questions or additional information about the Form 1095-B. Services are provided Monday through Friday, 8am-5pm PT, except holidays. Since call center staff do not have access to MEDS, or the ability to correct or reprint forms, they will refer beneficiaries to contact the county, SSA, or MAXIUMUS for these requests.

Medi-Cal Help Desk phone number is 1-844-253-0883.

04.23.01I Tax Filing Information

Staff cannot provide tax advice or instructions on how to fill out tax forms or file taxes. Staff must refer beneficiaries to the IRS/FTB or to their tax preparer. There are also various resources available, such as:

- Volunteer Income Tax Assistance (VITA) website at [VITA](#) or call 1-800-906-9887
- Internal Revenue Service website at [IRS.gov](#) or call San Diego location 619-615-9555
- Franchise Tax Board website at [ftb.ca.gov](#) or call 1-800-852-5711

04.23.01J Alternative Formats Mailings

DHCS has implemented the use of alternative formats when mailing Form 1095-Bs to beneficiaries who have requested communications in alternate formats, such as large print, Braille, and data/audio Compact Disc (CD). Effective November 2021, DHCS will use the beneficiary's requested alternative format, if designated, when issuing annual, reprinted, or corrected Form 1095-B's. If the beneficiary does not have an alternative format preference stored in DHCS' Alternate Formats database at the time the 1095-B is issued, the documents will be mailed in standard format. See MPG 04.17 for additional guidance on alternative formats.

Program Impacts:

Automation

Staff must enter appropriate fields in CalWIN to provide the appropriate level of benefits.

Forms

Form 1095-B and cover letter are requested by staff and issued by DHCS.

Form MC 020 MC Information Notice - Notice to Beneficiaries Regarding IRS Form 1095-B is available in English and Spanish and has been uploaded to Xerox and Eligibility Forms Library (EFL). The form is also included in all Medi-Cal and CalWORKs pre-assembled intake packets.

References:

ACWDL 17-30, 21-11
MEDIL I 15-35, 15-36, 15-43, 21-31, 22-09

Sunset Date:

This policy will be reviewed for continuance by April 30, 2025.

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Approval for Release:

R. Wanne, 5-10-22

Rick Wanne, Director
Self-Sufficiency Services