

## 2026 California Premium Subsidy Program Design Covered California

If the federal enhanced premium tax credits provided under Section 12001(b) of the Inflation Reduction Act through December 31, 2025, are not extended by September 30, 2025, for plan year 2026, the California Health Benefit Exchange (Exchange) adopts this 2026 Program Design in accordance with item 4800-101-3381 of the Budget Act of 2025 for implementation of Title 25 of the Government Code. The amount appropriated in item 4800-101- 3381 of the Budget Act of 2025 shall during the 2026 plan year provide state advance premium assistance subsidies to the applicable return filers who meet the requirements specified in subdivision (c).

- (a) The term “state advance premium assistance amount” means, with respect to any calendar year, the sum of the state premium assistance amounts determined under paragraph (b) for the applicable return filer’s coverage months during the calendar year. The monthly state advance premium assistance amount shall not exceed the monthly premiums for one or more qualified health plans in which the applicable return filer, the applicable return filer’s spouse, and the applicable return filer’s dependent, if applicable, enroll through the Exchange.
- (b) The state advance premium assistance amount with respect to any coverage month shall be the difference between:
  - (1) The amount equal to the lesser of:
    - (A) The monthly premiums for such month for one or more qualified health plans offered in California’s individual market which cover the applicable return filer, the applicable return filer’s spouse, or any dependent (as defined in Section 17056 of the Revenue and Taxation Code) of the applicable return filer and which were enrolled in through the Exchange, or
    - (B) The excess (if any) of:
      - (i) The adjusted monthly premium for such month for the applicable second lowest cost silver plan with respect to the applicable return filer, over
      - (ii) An amount equal to 1/12 of the product of the applicable percentage and the applicable return filer’s projected household income for the calendar year; and
  - (2) The advance payment of premium tax credit authorized by Section 36B of the Internal Revenue Code and its implementing regulations, if applicable.
- (c) An applicable return filer shall be eligible for state advance premium assistance only if the applicable return filer:
  - (1) Applies for coverage through the single, streamlined application for insurance affordability programs or transitions from another insurance affordability

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program, as defined in Section 15926 of the Welfare and Institutions Code, through the Exchange; and

- (2) Meets all eligibility requirements of the federal advance premium tax credit authorized under Section 36B of the Internal Revenue Code and its implementing regulations.
- (d) For the purposes of this 2026 Program Design, the following definitions shall apply:
  - (1) “Actual family size” means the family size, as defined in paragraph (d)(10), that an applicable return filer reports on the applicable return filer’s State tax return for the taxable year.
  - (2) “Actual filing status” means the filing status an applicable return filer uses to file the applicable return filer’s State tax return for the taxable year.
  - (3) “Actual household income” means the household income, as defined in paragraph (d)(12), that an applicable return filer reports on the applicable return filer’s State tax return for the taxable year.
  - (4) “Applicable percentage” means the percentage such that the applicable percentage for any applicable return filer whose household income is within an income tier specified in the following table shall increase, on a sliding scale in a linear manner, from the initial premium percentage to the final premium percentage specified in such table for such income tier:

<b>2026 California Premium Subsidy Applicable Percentage Table</b>		
Household income (expressed as a percentage of the federal poverty level):	The initial premium percentage	The final premium percentage
100% up to 150%	0%	0%
Above 150% up to 165%	3.19%	3.91%

- (5) “Applicable second lowest cost silver plan” has the same meaning as the term is defined in subdivision (b)(3)(B) of Section 36B of the Internal Revenue Code and its implementing regulations in 26 C.F.R. Section 1.36B-3(f).
- (6) “Adjusted monthly premium” has the same meaning as the term is defined in subdivision (b)(3)(C) of Section 36B of the Internal Revenue Code and its implementing regulations in 26 C.F.R. Section 1.36B-3(e).
- (7) “Applicable return filer” means, with respect to any month, a return filer whose household income for the taxable year is at or above 100 percent and at or below 165 percent of the federal poverty level for the return filer's family size.

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- (A) If the return filer is married (within the meaning of Section 7703 of the Internal Revenue Code) at the close of the taxable year, the return filer shall be treated as an applicable return filer only if the return filer and the return filer's spouse file a joint return for the taxable year, unless the return filer satisfies one of the exceptions specified in 26 C.F.R. Section 1.36B-2(b)(2)(ii)-(v).
  - (B) No state premium assistance shall be allowed under this title to any individual who is claimed as a dependent of another return filer for a taxable year beginning in the calendar year in which such individual's taxable year begins.
- (8) "Coverage month" has the same meaning as the term is defined in subdivision (c)(2) of Section 36B of the Internal Revenue Code and its implementing regulations in 26 C.F.R. Section 1.36B-3(c).
  - (9) "Exchange" means the California Health Benefit Exchange, also known as Covered California, established pursuant to Title 22 (commencing with Section 100500).
  - (10) "Family size" has the same meaning as the term is defined in subdivision (d)(1) of Section 36B of the Internal Revenue Code and its implementing regulations in 26 C.F.R. Section 1.36B-1(d).
  - (11) "Federal poverty level" or FPL means the most recently published Federal poverty level, updated periodically in the Federal Register by the Secretary of Health and Human Services under the authority of 42 U.S.C. Section 9902(2), as of the first day of the annual open enrollment period for coverage in a qualified health plan through the Exchange.
  - (12) "Household income" has the same meaning as the term is defined in subdivision (d)(2)(A) of Section 36B of the Internal Revenue Code and its implementing regulations in 26 C.F.R. Section 1.36B-1(e).
  - (13) "Modified adjusted gross income" has the same meaning as the term is defined in subdivision (d)(2)(B) of Section 36B of the Internal Revenue Code and its implementing regulations in 26 C.F.R. Section 1.36B-1(e)(2).
  - (14) "Projected family size" means the family size, as defined in paragraph (d)(10), that an applicable return filer attests to the Exchange that the applicable return filer reasonably expects for the taxable year.
  - (15) "Projected filing status" means the filing status an applicable return filer attests to the Exchange that the applicable return filer reasonably expects to use to file the applicable return filer's State tax return for the taxable year.

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- (16) “Projected household income” means the household income, as defined in paragraph (d)(12), that an applicable return filer attests to the Exchange that the applicable return filer reasonably expects for the taxable year.
- (17) “Qualified health plan” has the same meaning as defined in subdivision (g) of section 100501 of the Government Code.
- (e) Pursuant to Section 100810 of the Government Code, an applicable return filer shall reconcile premium assistance subsidies advanceable to the applicable return filer and the applicable return filer’s dependents based on the applicable return filer’s projected household income, projected family size, and projected filing status with the premium assistance allowed, as specified in paragraph (f), based on the applicable return filer’s actual household income, actual family size, and actual filing status reported on the applicable return filer’s State tax return for the taxable year for which the applicable return filer was eligible to receive the advance premium assistance subsidies.
- (f) The State premium assistance allowed with respect to any coverage month in the taxable year shall be the difference between:
  - (1) The amount equal to the lesser of:
    - (A) The monthly premiums for such month for one or more qualified health plans offered in the individual market within California which covered the applicable return filer, the applicable return filer’s spouse, or any dependent (as defined in Section 17056 of the Revenue and Taxation Code) of the applicable return filer and which were enrolled in through the Exchange, or
    - (B) The excess (if any) of:
      - (i) The adjusted monthly premium for such month for the applicable second lowest cost silver plan with respect to the applicable return filer, over
      - (ii) An amount equal to 1/12 of the product of the applicable percentage and the applicable return filer’s actual household income for the calendar year; and
  - (2) The premium tax credit allowed under Section 36B of the Internal Revenue Code and its implementing regulations, if applicable.
- (g) The reconciliation liability imposed under subdivision (a)(2) of Section 100810 of the Government Code shall be limited to the amounts provided in the following table.

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<b>Household income percentage of FPL</b>	<b>Single filers</b>	<b>All other filers</b>
Less than 200%	\$300	\$600
At least 200% but less than 300%	\$775	\$1,550
At least 300% but less than 400%	\$1,300	\$2,600
At least 400% but less than 500%	\$2,000	\$4,000
At least 500% but less than 600%	\$3,000	\$6,000
At least 600% but less than 700%	\$4,200	\$8,400