

# HCTC




Health Coverage Tax Credit  
Program Kit

Do you need  
help paying for  
health insurance?



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The Health Coverage Tax Credit (HCTC) Program sent you this Program Kit and Registration Form for one of the following reasons:

- You receive a benefit from the Pension Benefit Guaranty Corporation (PBGC).
- You attend training and get income support through the Trade Adjustment Assistance (TAA) program.
- You get a wage subsidy through the Alternative Trade Adjustment Assistance (ATAA) program.

# Good news!

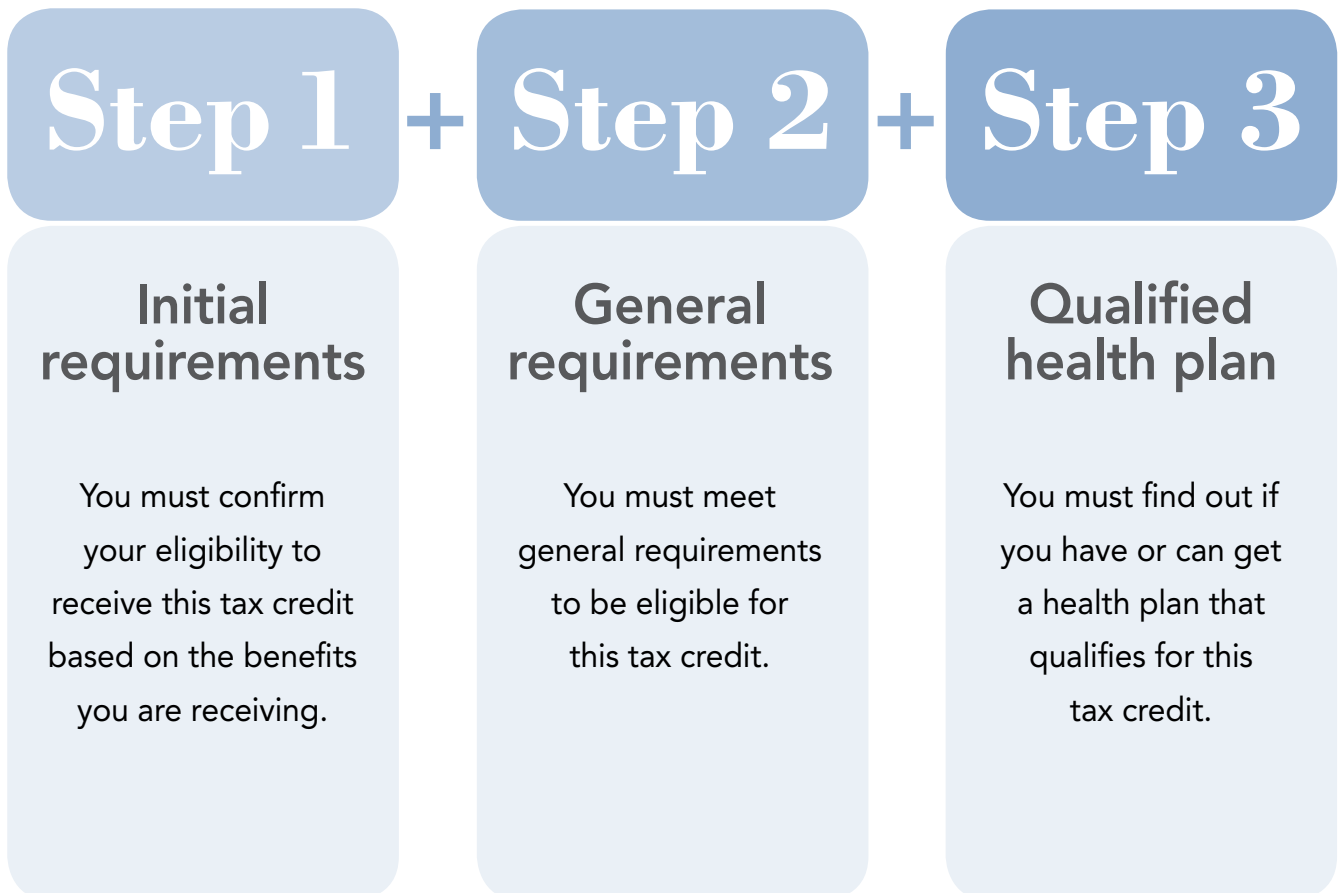
The Health Coverage Tax Credit can pay for 65% of health insurance premiums for you and your family.

This Program Kit walks you through the steps to find out if you're eligible for this credit and shows you how to get it.



# ▶ Checking Eligibility

If you meet the eligibility criteria in these three steps, then you can receive the Health Coverage Tax Credit (HCTC) to pay for 65% of your health plan premiums. You will learn how to receive the HCTC later on in this Program Kit.





When I learned my company was in financial trouble, I worried about how I might pay all of my bills. Then, I heard about the Health Coverage Tax Credit. I wanted to find out if I could use it to help pay my health insurance bills. Sure enough, I am eligible for the tax credit, and I have a little less to worry about.

= You can apply for the HCTC!

## How the HCTC Works

The Health Coverage Tax Credit (HCTC) is a federal tax credit available to eligible people.

The HCTC can pay for

- 65% of health insurance premiums for you and any eligible family member
- 65% of prescription-only drug plan premiums

The HCTC cannot pay for

- Health insurance premiums for family members who are not eligible
- A separate dental plan not included in your health plan
- A separate vision plan not included in your health plan
- Any employer-paid portion of health coverage

To find out if you are eligible for the HCTC, start with Step 1 on the next page.



# Step 1 Initial requirements

You received this Program Kit because you are **one** of the following:

1. A Pension Benefit Guaranty Corporation (PBGC) recipient,
2. A Trade Adjustment Assistance (TAA) recipient, **or**
3. An Alternative Trade Adjustment Assistance (ATAA) recipient.

Find the section that applies to you and answer the questions.

If you need more information on these programs, please see the *Glossary* on page 18.

If you are a...	answer the following...	and follow the directions below...
<b>PBGC recipient</b>	Do you receive a PBGC benefit?	<input type="checkbox"/> <b>Yes.</b> Go to the next question in this box. <input type="checkbox"/> <b>No.</b> You are not eligible at this time. <input type="checkbox"/> <b>I don't know.</b> Contact the PBGC. See page 21.
	Are you 55 years old or older?	<input type="checkbox"/> <b>Yes.</b> Go to Step 2 on page 5. <input type="checkbox"/> <b>No.</b> You are not eligible for the HCTC at this time. If you will be 55 in the near future, keep this Program Kit and review it again when you are 55 years old.
<b>TAA recipient</b>	Do you receive either an income supplement from your state called a Trade Readjustment Allowance (TRA), <b>or</b> unemployment insurance?	<input type="checkbox"/> <b>Yes.</b> Go to the next question in this box. <input type="checkbox"/> <b>No.</b> You are not eligible at this time. <input type="checkbox"/> <b>I don't know.</b> Contact the Department of Labor or your local unemployment office. See page 21.
	Do you either attend Trade Readjustment Allowance (TRA)-approved training <b>or</b> have a waiver saying you don't need training?	<input type="checkbox"/> <b>Yes.</b> Go to Step 2 on page 5. <input type="checkbox"/> <b>No.</b> You are not eligible at this time. <input type="checkbox"/> <b>I don't know.</b> Contact the Department of Labor or your local unemployment office. See page 21.
<b>ATAA recipient</b>	You have requirements in addition to those in this Program Kit. Please review this Program Kit and call the HCTC Customer Contact Center at <b>1-866-628-HCTC (4282)</b> .	

# Step 2 General requirements

You need to meet general requirements to receive the HCTC. If you want family members to receive the HCTC, each family member must also meet the requirements below.

Answer the following questions for you and each family member you want to receive the HCTC.

## 1. Can you receive Medicare benefits?

**Note:** Generally, you can receive Medicare when you turn 65. If you have questions about Medicare, contact the Social Security Administration at 1-800-772-1213 or visit [www.ssa.gov](http://www.ssa.gov).

- Yes. **STOP! You are not eligible.**
- No. Continue to the next question.

## 2. Can you receive coverage through the US military health system, CHAMPUS/TRICARE?

**Note:** CHAMPUS/TRICARE does **not** include health benefits or services through the Department of Veterans Affairs.

- Yes. **STOP! You are not eligible.**
- No. Continue to the next question.

## 3. Are you in prison?

- Yes. **STOP! You are not eligible.**
- No. Continue to the next question.

## 4. Answer this question just for yourself: Can someone claim you as a dependent on his or her federal tax return?

**Note:** You are not a dependent if you file jointly with your spouse. If you're not sure what a dependent is, call the IRS at 1-800-829-1040.

- Yes. **STOP! You are not eligible.**
- No. You meet the general requirements. Answer the last question to see if your family members are eligible, then proceed to Step 3.

## 5. Answer this question for each family member you want to receive the HCTC: Do you claim this family member as a dependent on your federal tax return?

- Yes. This family member is eligible if you meet the requirements in Steps 1, 2, and 3. Continue to Step 3.
- No. **STOP! This family member is not eligible for the HCTC.**

# Step 3 Qualified health plan

The HCTC will pay for 65% of certain kinds of health plans. These plans are called qualified health plans. The four major categories are:

1. COBRA
2. State-qualified health plan
3. Spousal coverage
4. Non-group/individual health plan

## Do you have a health plan?

**Yes**

Go to page 7

I have a health plan. Answer the questions on page 7 to find out if your current plan qualifies.

**No**

Go to page 9

I don't have a health plan, or I need to switch to a qualified health plan. Answer the questions on page 9 to find out how to enroll in a qualified health plan.

When I lost my job, I lost my health insurance, too. Since I didn't have a health plan, I assumed I wouldn't be able to get the HCTC. The Program Kit showed me that I can get a new plan and still get the HCTC.





# Step 3 Yes, I have a health plan.

Answer the following questions to find out if your health plan qualifies for the HCTC.

## A. Do you or your spouse have a COBRA health plan?

COBRA is health insurance your former employer offers to you when you leave your job. You would know if you have COBRA because you would have signed an “election letter” and would be paying out of pocket for your health insurance now.

- Yes. I have COBRA. *Go to the next question in this box.*
- Yes. I have COBRA through my spouse’s former employer. *Go to B.*
- No. I don’t have COBRA. *Go to B.*

### Do you pay more than 50% of the total cost of the COBRA coverage?

- Yes. I pay more than 50% of the cost of COBRA coverage.  
**You are eligible for this tax credit. Please skip to page 11.**
- No. My former employer covers 50% or more of the cost.  
*Unfortunately, you can’t get the tax credit for this particular coverage. However, if you are interested in changing plans to get the HCTC, go to G on page 10 to learn how.*

## B. Is your health insurance through your spouse’s job?

- Yes. *Go to the next question in this box.*
- No. *Go to C.*

### Does your spouse pay more than 50% of the total premium?

If you need help answering this question, contact the Human Resources department at your spouse’s job. Find out the total cost per month of the health insurance. Look at your spouse’s pay stub(s) and add up how much your spouse pays per month with after-tax income for your health insurance.

- Yes. My spouse pays more than 50% of the total premium.  
**You are eligible for this tax credit. Please skip to page 11.**



**Caution:** If you have a spousal plan, you can’t receive the monthly HCTC unless it is also COBRA. You must file for the yearly HCTC on your federal tax return.

- No. My spouse does not pay more than 50% of the total premium.  
*Unfortunately, you can’t get the tax credit for this particular coverage. However, if you are interested in changing plans to get the HCTC, go to page 9 to learn how.*

# Step 3 Yes, I have a health plan.

## C. Do you have a group health plan through your current employer?

- Yes. I have a group health plan through my current employer.  
*Unfortunately, you can't get the tax credit for this particular coverage. However, if you are interested in changing plans to get the HCTC, go to page 9 to learn how.*
- No. I don't have a group health plan. *Go to D.*

## D. Do you have one of the following health plans?

- Medicaid
- State Children's Health Insurance Program (SCHIP)
- Federal Employees Health Benefits Program (FEHBP)

For further explanation of these plans, see the *Glossary* on page 18.

**Note:** If a family member has one of these plans, then that family member can't get the HCTC.

- Yes. I have one of these types of health coverage.  
*Unfortunately, you can't get the tax credit for your particular coverage.*
- No. The type of coverage I have is not included in this list. *Go to E.*

## E. Do you have a non-group/individual health plan?

A non-group/individual health plan covers one person or family and is purchased directly from an insurance company, agent, or broker.

- Yes. I have non-group/individual health insurance. *Go to the next question in this box.*
- No. I do not have non-group/individual health insurance.  
*Unfortunately, you can't get the tax credit for the coverage you have. However, if you are interested in changing plans to get the HCTC, go to page 9 to learn how.*

### Did your non-group/individual health coverage take effect at least 30 days before your last paid day of work?

- Yes. My health coverage took effect 30 days before my last paid day of work. **You are eligible for this tax credit.** *Please skip to page 11.*



**Caution:** Having a non-group/individual health plan is rare for the HCTC. See the *Glossary* on page 18 for more information about this kind of health plan.

- No. My health coverage didn't take effect until later.  
*Unfortunately, you can't get the tax credit for this particular coverage. However, if you are interested in changing plans to get the HCTC, go to page 9 to learn how.*

# Step 3 No, I don't have a health plan.

You can get the HCTC if you enroll in a qualified health plan. Answer the questions on pages 9 and 10 to see if you can get one of the following types of qualified health plans:

1. COBRA
2. State-qualified health plan
3. Spousal coverage

## F. Is COBRA available to you or your spouse?

COBRA is health insurance your former employer offers to you when you leave your job. You might have chosen not to enroll in COBRA when your employer offered it to you. If you're not sure you can get COBRA, call your former employer's Human Resource department and ask if you can still get COBRA and for how long.

- Yes. One of us can enroll in COBRA. *Go to the next question in this box.*
- No. COBRA is not available to me or my spouse. *Go to G on page 10.*

### Can you sign up for COBRA before the expiration date?

Generally, after you leave your job, you have 60 days to enroll in COBRA. COBRA coverage usually lasts 18 months. Find out from your former employer's Human Resource department when your COBRA expiration date is and make sure you can enroll in COBRA before that date.

- Yes. I can enroll before the COBRA expiration date.  
*Once you sign up for COBRA, you are eligible for this tax credit. Please start the process now to enroll in COBRA. Once you've received confirmation of your enrollment, please skip to page 11.*
- No. My COBRA eligibility has already expired or will expire within the month. *Go to G on page 10.*

**Note:** When you qualify for Trade Adjustment Assistance (TAA), you have a second chance to elect to receive COBRA benefits. This second chance lasts for 60 days, and you must elect to receive COBRA benefits no later than 6 months after you were first notified you were eligible for COBRA. If you believe you are eligible for this second election period, contact your former employer.

# Step 3 No, I don't have a health plan.

## G. Are state-qualified health plans available in your state?

To find out if state-qualified health plans are available in your state, go to [www.irs.gov](http://www.irs.gov) and search for "HCTC: List of State Qualified Health Plans." Click on the document with the same title. If there is a health plan listed under your state, you can enroll in a state-qualified health plan to get the HCTC. If you don't have access to the Web, call the HCTC Customer Contact Center at 1-866-628-HCTC (4282).

- Yes, my state is listed on the Web site.

*Call the customer service number underneath your state to enroll in a plan you want. Once you enroll in a state-qualified health plan, you are eligible for this tax credit.*

*Please skip to page 11.*

- No, my state is not listed on the Web site. Go to H.

## H. Can you enroll in group coverage through your spouse's employer?

- Yes. I can enroll in the health plan that my spouse's employer offers. *Go to the next question in this box.*

- No. I can't enroll in the health plan that my spouse's employer offers.

*Unfortunately, you can't get the tax credit.*

### Will your spouse pay more than 50% of the cost of the monthly premium?

It's important to check what the after-tax deduction will be from your spouse's paycheck. If your total out-of-pocket expenses with after-tax dollars will be more than 50% of your health plan premium, you are eligible for the tax credit.

- Yes, our total after-tax out-of-pocket expenses will be more than 50% of our health plan premium if I enroll in my spouse's plan.

*Once you enroll and start paying your portion of the health plan, you are eligible for the tax credit. Please skip to page 11.*

- No, our total after-tax out-of-pocket expenses will be 50% or less of our health plan premium.

*Unfortunately, you can't get the tax credit for this particular coverage.*

# ▶ Getting the HCTC

If you've met all the requirements in Steps 1, 2, and 3, you are eligible for the Health Coverage Tax Credit!

You can choose to receive the HCTC in two ways: monthly or yearly. Read the following pages to find out how to receive the HCTC.



After I read through Steps 1, 2, and 3 in the Program Kit and realized I was eligible for this tax credit, I couldn't wait to find out how to get it. The monthly HCTC program is best for my family so that we have more money each month to pay for other things.

# The Monthly HCTC



complete the  
registration form

To apply for the monthly HCTC, complete and mail the Registration Form that came with this Program Kit. The HCTC Program will review it and enroll you, if you are eligible.



you pay 35%

You send 35% of your health insurance premium to the HCTC Program by the due date each month.



HCTC

HCTC adds 65%


The HCTC Program adds 65% to your payment.



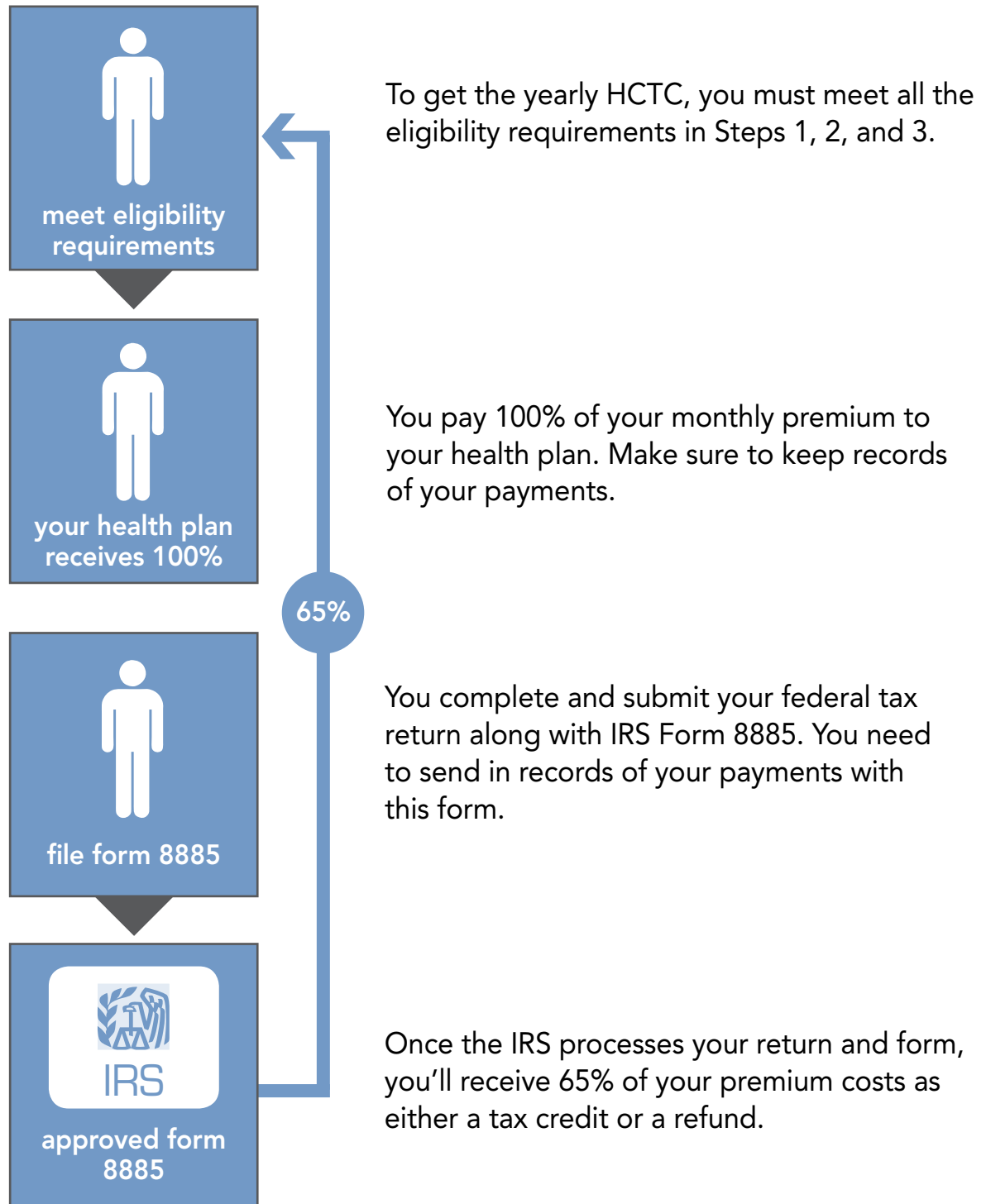
your health plan  
receives 100%

The HCTC Program sends a check for 100% of your premium to your health plan.

# The Monthly HCTC


	Receiving the monthly HCTC
What do I do now?	<ol style="list-style-type: none"> <li>1. Make sure you meet all the eligibility requirements and have a qualified health plan.</li> <li>2. Fill out the HCTC Registration Form completely.</li> <li>3. Collect the documents requested in the HCTC Registration Form.</li> </ol> <p> <b>Caution:</b> An incomplete form or missing documents will delay the start of your monthly HCTC.</p> <ol style="list-style-type: none"> <li>4. Make a copy of the HCTC Registration Form and documents for your records.</li> <li>5. Use the postage-paid envelope included with this Program Kit to mail the Registration Form and required documents.</li> <li>6. Continue to pay your health insurance bills in full directly to your health plan until you get your first HCTC invoice. Keep records of payments you make because you can claim a 65% credit for these payments on your tax return. See page 15 for what you'll need to do to claim the yearly HCTC on your federal tax return.</li> </ol>
What will happen next?	<p>After the HCTC Program processes your Registration Form, you will receive:</p> <ul style="list-style-type: none"> <li>• A confirmation letter</li> <li>• Your first monthly invoice</li> <li>• An HCTC Registration Update Form</li> </ul> <p>By January 31, the HCTC Program will issue you an IRS Form 1099-H showing the months and amount of the monthly HCTC you received for the prior year. This form is informational and for your records only.</p> <p><b>Note:</b> If you need help paying for your health insurance before you receive the HCTC, see the information about the National Emergency Grant (NEG) Bridge program under <i>Payment-related questions</i>, page 17.</p>
How do I remain eligible for the monthly HCTC?	<p>You must</p> <ul style="list-style-type: none"> <li>• Continue to meet all the requirements in this Program Kit (Steps 1, 2, and 3).</li> <li>• Send your 35% payment each month by the HCTC due date.</li> <li>• Monitor your health insurance bills for any changes. If there are changes to your premiums or anything else that may affect your eligibility for the HCTC, submit the HCTC Registration Update Form.</li> </ul>
What happens if I don't send in my payment?	<p>The HCTC Program will not send a payment to your health plan if we do not receive your payment on time. If that happens, you will be responsible for making a 100% direct payment to your health plan, and you run the risk of losing your health coverage.</p>

# The Yearly HCTC





# The Yearly HCTC

	Receiving the yearly HCTC on your federal tax return
<b>What do I do now?</b>	<p>To file for the HCTC on your federal tax return, you need to do the following throughout the year:</p> <ol style="list-style-type: none"> <li>1. Make sure you meet all the eligibility requirements and have a qualified health plan.</li> <li>2. Pay your health plan directly throughout the year.</li> <li>3. Keep records of your payments and invoices.</li> </ol>
<b>What will happen next?</b>	<p>You need to fill out IRS Form 8885 and include it with all the required documents with your federal tax return.</p> <p>After the IRS processes your federal tax return, you will receive the HCTC in the form of a refund or as a credit against the taxes you owe.</p>
<b>How do I remain eligible for the yearly HCTC?</b>	<p>You must</p> <ol style="list-style-type: none"> <li>1. Continue to meet all the requirements in this Program Kit (Steps 1, 2, and 3).</li> <li>2. Pay your health premium directly to your health plan.</li> <li>3. Keep the following documentation to submit with IRS Form 8885: <ul style="list-style-type: none"> <li>• Health insurance policy information</li> <li>• All health insurance bills</li> <li>• Proof of payments, such as cancelled checks</li> </ul> </li> <li>4. Keep the following documentation for your records: <ul style="list-style-type: none"> <li>• HCTC Program invoices if at any time you claimed the monthly HCTC</li> <li>• HCTC Program documents or letters</li> </ul> <p><b>Note:</b> For a full listing of all the documents you will need for the yearly HCTC, refer to the instructions found on IRS Form 8885.</p> </li> </ol>
<b>What happens if I don't send in correct documentation?</b>	<p>If you do not meet all the eligibility requirements or you submit incomplete documentation to the IRS, you will not receive the 65% tax credit.</p> <p> <b>Caution:</b> If you receive the HCTC and the IRS later determines that you were not eligible to receive the tax credit, you may have to repay the IRS any credit amount you received.</p>

# ▶ Getting Help

## Frequently asked questions

HCTC-related questions	
<b>How long can I get this credit?</b>	<p>You can receive the HCTC as long as you continue to meet the eligibility requirements. Remember that once you are eligible for Medicare (typically at age 65), you can no longer receive the HCTC.</p> <p>If you have COBRA and your plan expires, you can continue to receive the HCTC if you enroll in another qualified plan (see G on page 10) and complete the Registration Update Form.</p>
<b>Can I receive both the monthly and yearly HCTC?</b>	<p>Yes. If you paid 100% of your health insurance premium and were eligible for the HCTC, you can claim 65% of this amount on your federal tax return. However, you can't receive the yearly HCTC for any amount that you already received as a monthly HCTC.</p>
<b>What happens if I don't have all the required documents when I file my tax return to claim the yearly HCTC?</b>	<p>If you don't have all the required documents, you may not receive the HCTC as a refund or a credit against any taxes you owe.</p>
<b>Can the HCTC pay for health coverage for my family members?</b>	<p>The HCTC can pay for either the cost of family members on your plan or a separate qualified health plan if all the following statements are true:</p> <ol style="list-style-type: none"><li>1. I meet all the requirements in Steps 1 and 2;</li><li>2. My family members meet all the requirements in Step 2;</li><li>3. All health plans are qualified based on Step 3; and</li><li>4. I can claim my family members as dependents on my tax return.</li></ol>
<b>I am eligible for Medicare. Can my family members continue to receive the HCTC?</b>	<p>No. In order for any of your family members to be eligible, you must meet all the eligibility requirements.</p>

Health coverage-related questions	
<b>What if my state does not have any state-qualified health plans?</b>	<p>You may still be able to use another type of qualified health insurance, such as COBRA or spousal health insurance, if your state does not have a state-qualified health plan.</p> <p>Your state has to qualify health insurance as a state-qualified health plan. Contact your state’s Department of Insurance to learn about getting a specific plan qualified for the HCTC.</p>
<b>I don’t currently have a health plan. Can I enroll in a qualified health plan?</b>	<p>Yes. However, if you haven’t had health coverage for over two months, then a health insurer can deny coverage, impose special restrictions, or waive these restrictions. As a general rule, it’s a good idea when you purchase a new health plan policy to make sure that its coverage starts as your current coverage ends, so there is no lapse in coverage.</p>
<b>Are my contributions to a Health Savings Account (HSA) covered by the HCTC?</b>	<p>The HCTC can sometimes pay for contributions to the High-Deductible Health Plans for an HSA. However, the HCTC can’t help pay for contributions to an HSA used to pay or reimburse certain medical expenses. Call the HCTC Customer Contact Center for more information at 1-866-628-HCTC (4282).</p>

Payment-related questions	
<b>What can I do if I have trouble paying for my health insurance before I start receiving the HCTC?</b>	<p>The National Emergency Grant (NEG) Bridge Program may help you. Contact the U.S. Department of Labor (see page 21 for its phone number) and ask if your state has a NEG Gap-filler Program. You can also access a list of states offering NEG funds at <a href="http://www.irs.gov">www.irs.gov</a> (Keyword/Search: HCTC).</p>
<b>Where do I send my payments if I do not have a pre-printed envelope?</b>	<p>Please send your HCTC payments to:</p> <p>U.S. Treasury-HCTC  P.O. Box 970023  St. Louis, MO 63197-0023</p>

Employment-related questions	
<b>How do I find out if my employer pays 50% or more of my health plan premium?</b>	<p>Call your employer’s Human Resource department and ask for the total cost of a monthly premium and how much the employer pays before your contribution. If the employer pays half or more of the monthly premium, you can’t claim the HCTC.</p>
<b>If I become employed, will I stop receiving the credit?</b>	<p>It depends. Going back to work does not prevent you from receiving the credit. However, you must still meet all eligibility requirements in Steps 1, 2, and 3 to keep receiving the HCTC.</p>

# Glossary

## **After-tax income**

After-tax income is any amount that remains after your employer takes out taxes. However, your employer may take out funds for other purposes before taking out taxes. If you pay your health insurance before your employer takes out taxes, you cannot claim the HCTC for that amount.

For example, say the original amount of your paycheck is \$1000. Your employer subtracts \$100 from that to pay for your health insurance. Then, your employer calculates your taxes based on \$900 of income. In this case, the \$100 is considered pre-tax dollars. You can't count this money in the calculations you use to determine your HCTC eligibility.

On the other hand, say your original paycheck is \$1000. Your employer subtracts \$100 to pay for your health insurance and calculates your taxable income based on \$1000. In this instance, you pay taxes on the full \$1000. This \$100 contribution is considered after-tax income. You can count this money in the calculations to see if you pay more than 50% of the health premium costs with after-tax income.

## **Alternative Trade Adjustment Assistance (ATAA) recipient**

ATAA recipients are:

- at least 50 years old,
- have lost a job at a trade-affected company,
- have another job where they make less money, and
- get a wage supplement from their state to make up for their lower income.

The ATAA benefit is a wage subsidy designed for workers with hard-to-transfer skills. To be eligible for this Department of Labor program, workers must meet certain eligibility criteria.

**Note:** If you register for the monthly HCTC when you're receiving TAA benefits and then you start receiving ATAA benefits, you must re-register and requalify for the HCTC at that time. All ATAA participants must call the HCTC Customer Contact Center to register for the monthly HCTC.

## **Civilian Health And Medical Program of the Uniformed Services (CHAMPUS/TRICARE)**

CHAMPUS/TRICARE is the name of the Department of Defense's managed health care program for active duty military, active duty service families, retirees and their families, and other beneficiaries. Under TRICARE, you'll generally have three options for health care: TRICARE Standard (formerly called CHAMPUS), TRICARE Extra, and TRICARE Prime. TRICARE Standard is the basic TRICARE health care program.

## **Consolidated Omnibus Budget and Reconciliation Act (COBRA)**

COBRA is federal legislation that lets you extend your job-based health coverage if you lose your job or run into other qualifying events that cause you to lose your health insurance. The HCTC can pay for COBRA health insurance expenses if the eligible person pays for more than 50% of the cost of coverage.

## **Federal Employees Health Benefits Program (FEHBP)**

The FEHBP offers health insurance plans for federal employees, retirees, and their families. You can't get the HCTC if your health coverage is through the FEHBP.

## **Health Coverage Tax Credit (HCTC)**

The HCTC is an important benefit that pays 65% of a qualified health plan premium for eligible individuals. The HCTC is a unique tax credit that individuals can receive either as their monthly health plan premium becomes due or as a credit on their federal tax return. The Internal Revenue Service (IRS) administers the HCTC.

## **Medicaid**

Medicaid provides health care coverage for low-income people who can't afford it. State and federal agencies jointly operate the program. Each state decides who is eligible and decides on the scope of health services offered. Individuals can't receive the HCTC when they are a part of the Medicaid program.

## **Medicare**

Medicare is a federal program that pays for certain health care expenses for people aged 65 or older or with certain disabilities. Individuals can't receive the HCTC when they are eligible for the Medicare program even if they do not receive benefits.

## **National Emergency Grants (NEG)**

These grants, also called Bridge Grants or Gap-filler funds, provide temporary state-level assistance to help individuals pay their qualified health plan premiums while they are registering for, but have not yet received, the HCTC. The grant ends when an individual receives the first invoice from the HCTC Program.

## **Non-group/individual health insurance**

Non-group/individual health insurance is an individual policy for a single person or family. This coverage is usually provided under a contract purchased through an insurance company, agent, or broker. In order to have the HCTC cover this type of coverage, the non-group/individual plan must have started at least 30 days before the person left the job that made him or her eligible for TAA, ATAA, or PBGC benefits.

### **Pension Benefit Guaranty Corporation (PBGC) recipient**

PBGC recipients:

- are retired, and
- are receiving PBGC pension payments.

The PBGC insures the pension benefits of workers in some private sector industries. When an employer faces severe financial difficulty, such as bankruptcy, and can't continue paying pensions to their retirees, the employer may request the PBGC to take over the responsibility for paying pension benefits to their retirees. The PBGC decides if it will assume responsibility for the pension plan, which is also known as the PBGC becoming the "trustee" of the pension plan. If the PBGC becomes the trustee of the pension plan, then the PBGC will pay pension benefits under the terms of the plan, subject to legal limits, to plan participants and beneficiaries. PBGC pension benefit recipients can receive their pension benefit as a monthly payment or as a one-time lump sum.

**Note:** PBGC pension benefit recipients become potentially eligible for the HCTC on the day the PBGC becomes the trustee of their pension plan, even if they do not receive this Program Kit for a few months after that. This means that if the PBGC became the trustee of your pension plan on January 31, and you were enrolled in a qualified health plan, then you could file for the HCTC on your federal tax return starting in January.

### **Spousal coverage**

If an eligible individual's spouse has employer-sponsored coverage, and the spouse pays more than 50% of the cost with after-tax dollars, it is considered one of the qualified health plans for the HCTC. If the spouse's coverage is COBRA, the individual has the option to enroll in the monthly HCTC; if it is not COBRA, the individual can only claim the yearly HCTC when filing his or her federal tax return.

### **State Children's Health Insurance Program (SCHIP)**

The State Children's Health Insurance Program (SCHIP) is administered by the Federal Centers for Medicare and Medicaid Services and makes funds available to states that have programs providing health insurance coverage to uninsured children. While each state sets its own guidelines for eligibility and services, SCHIP can offer health insurance for children up to age 19, who are not already insured.

**Note:** If your child has SCHIP, he or she is not eligible for the HCTC. You can still be eligible for the HCTC since SCHIP only disqualifies your child.

### **State-qualified health plan**

State-qualified health plans are plans that a state's Department of Insurance (DOI) approves as meeting the requirements of the Trade Act of 2002.

Check the list of states with qualified plans at [www.irs.gov](http://www.irs.gov) (Keyword/Search: HCTC: List of State Qualified Health Plans).

### **Trade Adjustment Assistance (TAA) recipient**

TAA recipients:

- receive money from their state (either unemployment insurance or Trade Readjustment Allowance [TRA]), and
- meet training requirements (either attending training or have a waiver saying they don't need training).

TAA is a benefit for individuals who have lost their jobs because of trade with foreign countries. Employers and unions file a petition with the Department of Labor to have their employees TAA-certified. TAA offers an income supplement (called TRA), assistance in skill assessment, job search workshops, job development or referral, and job placement. In addition, workers may be eligible for training, job search allowance, relocation allowance, and other reemployment services.

### **Trade Readjustment Allowance (TRA)**

Trade Adjustment Assistance recipients receive TRA as income support while they participate in full-time training. TAA recipients can also receive TRA when they have a waiver from training because the training is either not appropriate or not available. Recipients start receiving TRA after they use up their initial 26 weeks of unemployment insurance. They can continue to receive TRA for up to 26 weeks, with an additional 26 weeks if they take remedial educational classes as part of their training plan.

I looked through the Registration Form to see what I'll need to do to register for the monthly HCTC. I have to track down some health plan documents like a copy of my insurance bill. The Registration Form was easy to fill out. I found my Member ID and Group ID on my health insurance card, but I had to call my health plan and ask them to send me a letter that showed the date I first enrolled in the plan.



## Who can you contact?

<p><b>HCTC</b> The monthly or yearly HCTC</p>	<p>The Health Coverage Tax Credit Program <a href="http://www.irs.gov">www.irs.gov</a> (Keyword/Search: HCTC) HCTC Customer Contact Center 1-866-628-HCTC (4282) If you have a hearing impairment, call 1-866-626-4282 (TTY).</p>
<p><b>IRS</b> Tax questions</p>	<p>Internal Revenue Service <a href="http://www.irs.gov">www.irs.gov</a> 1-800-829-1040</p>
<p><b>PBGC</b> Your pension benefit with the PBGC</p>	<p>Pension Benefit Guaranty Corporation <a href="http://www.pbgc.gov">www.pbgc.gov</a> 1-800-400-7242</p>
<p><b>TAA</b> Trade Adjustment Assistance  and  <b>ATAA</b> Alternative TAA</p>	<p>A local One-Stop Career Center or your local unemployment office  The Department of Labor can give you the phone number and address of a One-Stop or unemployment office in your area.  U.S. Department of Labor <a href="http://www.dol.gov">www.dol.gov</a> 1-877-US-2JOBS or 1-877-872-5627</p>
<p><b>NEG</b> National Emergency Grant Bridge Program</p>	<p>U.S. Department of Labor <a href="http://www.dol.gov">www.dol.gov</a> 1-877-US-2JOBS or 1-877-872-5627</p>

# HCTC

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## Health Coverage Tax Credit



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Internal Revenue Service

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[www.irs.gov](http://www.irs.gov)

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