



## The Health Coverage Tax Credit *Stay Covered*

***National Association of Insurance Commissioners  
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## Health Coverage Tax Credit Overview:

The HCTC is a federal tax credit, administered by the IRS that **pays 80% of monthly health insurance premiums for eligible individuals.**

Congress created the program as part of the 2002 Trade Adjustment Assistance Reform Act and expanded it as a result of the American Recovery and Reinvestment Act.

**To receive the tax credit:**

Individuals  
must be  
eligible



Individuals must  
have qualified  
health insurance

## Health Coverage Tax Credit Overview:

Eligible individuals are either:

1. **Pension Benefit Guaranty Corporation (PBGC) payees** 55 years old or older; or
2. **Trade Adjustment Assistance (TAA) recipients** including Alternative TAA (ATAA), or Reemployment TAA (RTAA), or
3. **Qualified Family Member** of an individual who falls under one of the categories listed above\*

\* Qualified family members must participate in the program with the original PBGC, TAA, ATAA or RTAA recipient except for in the case of death, divorce, or enrollment in Medicare of the eligible individual.



# Health Coverage Tax Credit Overview:

Individuals can enroll in the monthly program, or claim the HCTC at the end of the year.

- » **Monthly:** Once enrolled, individuals pay 20% of their health insurance premiums each month. The HCTC contributes the 80% tax credit and sends the full payment to the Health Plan Administrator.
- » **Yearly:** Individuals make full payments throughout the year for qualified coverage and use their federal tax return along with IRS form 8885 to claim the HCTC.



## Qualified Health Insurance Options:

The HCTC Program does not provide health coverage. Individuals need to have or obtain health insurance that qualifies for the program.

The most common types are:

1. a **COBRA** plan where individuals pay more than 50% of the monthly premium.
2. a **state-qualified health plan**.
3. **coverage through a spouse\*** where the individual pay more than 50% of the total monthly premium with after-tax dollars.



\* Spousal coverage can only be claimed at the end of the year, unless it is a COBRA plan..

## Partnership with NAIC Members:

The HCTC Program would like to partner with NAIC members to increase awareness about and participation in this valuable tax credit.

### Opportunities for partnership include:

1. Certifying new or additional state-qualified health plans
2. Communicating critical information to health plans about legislative changes
3. Sharing marketing / enrollment contact information for state-qualified plans
4. Working with state agencies to promote awareness and understanding of the HCTC in light of the recent health care reform efforts



## Question & Contact Information:

If you have any questions about the tax credit, please:

- E-mail us
  - [wi.hctc.stakeholder@irs.gov](mailto:wi.hctc.stakeholder@irs.gov)
- Visit the HCTC website
  - [www.irs.gov/hctc](http://www.irs.gov/hctc)
- Contact the HCTC Customer Contact Center
  - 1-866-628-HCTC (1-866-628-4282)
  - 1-866-626-4282 (TDD/TTY)

