

**FACT SHEET #108 August 2017**

## **Health Coverage Tax Credit**

### **Help with Health Insurance Premiums for Eligible Unemployed Workers**

You may be eligible for help in paying for health insurance coverage if you are unemployed because of foreign competition and qualify for certain Federal Trade Act Benefits. The Trade Adjustment Assistance Reauthorization Act of 2015 reinstated a federal tax credit to help certain unemployed workers pay for private health insurance. The **Health Coverage Tax Credit (HCTC)** covers 72.5 percent of the premium amount paid by eligible individuals for qualified health insurance coverage.

HCTC allows two options for paying your health insurance premium:

- 1) If you qualify, you may send 27.5 percent of your health care premium to the Advanced Monthly Payment HCTC (AMP HCTC) program. The AMP HCTC program will then pay the full amount of the premium to your health plan administrator; **or**
- 2) You may continue to pay your entire health insurance premium and claim the tax credit on your federal income tax return. However, if you are covered under a spouse's health care plan, you are only eligible for the end-of-year tax credit unless the coverage is COBRA.

#### **Eligibility for HCTC**

You may qualify for the tax credit, if you are receiving:

- 1) Trade Readjustment Allowances (TRA) or would be eligible for TRA, except you have not yet exhausted your state unemployment insurance benefits;
- 2) Alternate Trade Adjustment Assistance (ATAA) or Reemployment Trade Adjustment Assistance (RTAA) benefits, which are for workers who are at least age 50 and receive a percentage of the wage differential between the wages of their previous adversely-affected employment and their new full-time employment; **or**
- 3) Benefits from the Pension Benefit Guaranty Corporation (PBGC) and are at least age 55.

#### **Qualified health insurance coverage**

The HCTC applies only to the amount you pay for "qualified" health insurance coverage for yourself and qualifying family members (your spouse and dependents).

#### **Qualified health insurance coverage includes:**

- COBRA continuation provision;
- Spouse's group health plan for which the employer pays *less than* 50 percent of the cost;
- A health plan purchased through a Voluntary Employees' Beneficiary Association (VEBA) that was established through the bankruptcy of your former employer, or was offered to you in lieu of COBRA.
- Coverage obtained in the non-group (individual) health insurance market other than coverage offered through the Health Insurance Marketplace;
- One of the three HCTC state-qualified plans offered by Blue Cross Blue Shield of Michigan (BCBS). Call the BCBS Call Center at 1 (844) 428-2669 for more information. Or visit their website at <https://www.statequalifiedplans.com>.

### **What may disqualify you from HCTC**

You are *not* eligible for the HCTC, if *you*:

- Are enrolled in any health plan maintained by a current or past employer or spouse's employer that pays at least 50 percent of the cost of coverage;
- Are enrolled in Medicare;
- Are enrolled in a state's Medicaid or Children's Health Insurance Program (SCHIP);
- Are enrolled in the Federal Employee's Health Benefits Program (FEHBP);
- Are eligible to receive benefits through the U.S. military health system (TRICARE); or
- Can be claimed as a dependent on someone else's federal tax return.

### **How long you can receive the credit**

You can receive the HCTC for any month in which you are considered eligible for at least one day in the month. In general, you can continue to receive the tax credit for as long as you are receiving benefits under TRA, ATAA or RTAA, or PBGC and have a qualified health plan.

### **How HCTC works**

Once a local *Michigan Works!* Agency notifies you that you may be certified under a petition for Trade Adjustment Assistance (TAA), you should visit your local *Michigan Works!* Service Center as instructed. After you complete your TRA, ATAA or RTAA application, it will be forwarded to the Talent Investment Agency (TIA), Unemployment Insurance.

If you are eligible for TRA, ATAA, or RTAA, TIA will notify the Internal Revenue Service (IRS). You must visit the IRS HCTC website and obtain Form 13441-A, HCTC Monthly Registration and Update to enroll in the AMP HCTC program. Approximately four to six weeks after you return your registration form and supporting documentation, you will receive your first invoice.

### **Questions?**

Information is available through the HCTC website at <http://www.irs.gov/hctc>.