

# Health Coverage Tax Credit

## Help with health insurance for those TRA-eligible

### UNEMPLOYMENT INSURANCE AGENCY

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You may be eligible for help in paying for health insurance coverage if you are unemployed because of competition from foreign goods and qualify for federal Trade Readjustment Allowances (TRA). The Trade Act of 2002 created a federal tax credit to help certain unemployed workers pay for private health insurance. The **Health Coverage Tax Credit (HCTC)** covers 80 percent of the premium amount paid by eligible individuals for qualified health insurance coverage.

There are two options for paying your health insurance premium:

- 1) Upon enrollment for the HCTC, you will be instructed to send 20 percent of your health care premium to the HCTC Transaction Center. The Center will then pay the full amount of the premium to your health plan. 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.

### 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) **ATAA (Alternate Trade Adjustment Assistance) or RTAA (Reemployment Trade Adjustment Assistance) benefits**, which are for workers who are at least 50 years of age 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 55-years-old.

### 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;
- Non-group health insurance that begins at least 30 days prior to the job separation; and
- Blue Cross Blue Shield of Michigan (BCBS), which has two HCTC state-qualified plans. Call BCBS Customer Service at **1-800-848-5101** for more information.

### 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;
- Entitled to Medicare;
- Enrolled in a state's Medicaid or children's health insurance program (SCHIP);
- Enrolled in the Federal Employee's Health Benefits Program;
- Entitled to health coverage through the U.S. military health system; or
- Claimed 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 the Michigan Department of Energy, Labor & Economic Growth or a local *Michigan Works!* Agency notifies you that you may be certified under a petition for Trade Adjustment Assistance, you should immediately apply for TRA benefits at a local *Michigan Works!* service center. Your application will then be forwarded to the Unemployment Insurance Agency (UIA).

UIA will issue a determination about your eligibility for TRA. If you are TRA eligible, the Agency will then notify the Internal Revenue Service (IRS). The IRS will then send you an HCTC program kit. Once you receive your HCTC program kit, you must complete the registration form and mail it to HCTC, as provided in the kit.

### **Questions?**

For more information about the HCTC program or to find out if your health plan qualifies under the program, call the HCTC Customer Contact Center toll-free at **1-866-628-HCTC (4282)**. TDD/TTY callers can call 1-866-626-HCTC (4282). Inquiries can be made in English or Spanish.

Information is also at the HCTC website:

<http://www.irs.gov/individuals/article/0,,id=109915,00.html>.



Michigan Department of Energy, Labor & Economic Growth  
Unemployment Insurance Agency  
Authority: UIA Director; Quantity: 1,000  
Cost: \$14 (1.4¢/copy). Paid for with federal funds.

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