

<b>TRAINING AND EMPLOYMENT NOTICE</b>	<b>NO.</b> 15-13
	<b>DATE</b> December 12, 2013

**TO:** STATE WORKFORCE AGENCIES  
STATE WORKFORCE LIAISONS  
AFFILIATE AMERICAN JOB CENTER MANAGERS  
COMPREHENSIVE AMERICAN JOB CENTER MANAGERS  
STATE WORKFORCE ADMINISTRATORS  
STATE AND LOCAL WORKFORCE BOARD CHAIRS AND  
DIRECTORS  
STATE LABOR COMMISSIONERS  
RAPID RESPONSE COORDINATORS  
TRADE ADJUSTMENT ASSISTANCE LEADS

**FROM:** ERIC M. SELEZNOW /s/  
Acting Assistant Secretary

**SUBJECT:** Expiration of the Health Coverage Tax Credit (HCTC) Program for Eligible Trade Adjustment Assistance (TAA) Recipients and Eligible Alternative TAA (ATAA/RTAA) Recipients or Eligible Pension Benefit Guaranty Corporation (PBGC) Recipients.

1. **Purpose.** To provide information and expand awareness of the expiration of the HCTC Program on January 1, 2014, and to advise Cooperating State Agencies (CSAs) in assisting job seekers and workers.

2. **Background.** The HCTC is not a government health insurance program; it is a Federal tax credit administered by the Internal Revenue Service (IRS), as described on the IRS HCTC Web site: [www.irs.gov/hctc](http://www.irs.gov/hctc). The Trade Adjustment Assistance Reform Act of 2002 (Trade Act of 2002) created the Health Coverage Tax Credit (HCTC), an advanceable, refundable tax credit for a percentage of the premiums paid for specified types of health insurance coverage (including Consolidated Omnibus Budget Reconciliation Act (COBRA) continuation coverage). The HCTC is available to individuals in the TAA program identified as “eligible TAA recipients” or “eligible Alternative TAA recipients” under section 246 of the Trade Act (including “eligible RTAA recipients”) (referred to collectively in this guidance as “eligible TAA recipients”). This benefit is also extended to certain individuals who are receiving pension payments from the Pension Benefit Guaranty Corporation (PBGC). Individuals who are eligible for the HCTC may choose to have the amount of the credit paid on a monthly basis to their health coverage provider as it becomes due, or may claim the tax credit on their income tax returns at the end of the year. The Trade Adjustment Assistance Extension Act of 2011 (Trade Act of 2011) increased the percentage of the

HCTC, extended eligibility for qualifying family members, and extended COBRA coverage. These changes are effective through January 1, 2014.

The HCTC currently pays 72.5 percent of a qualified health plan premium for eligible TAA recipients and other individuals. Individuals may receive HCTC either as their monthly health plan premium becomes due (Monthly HCTC) or as a credit on their Federal tax return (Yearly HCTC).

3. **HCTC Expiration.** The HCTC expires on January 1, 2014. Beginning January 1, 2014, every eligible TAA recipient will be responsible for paying their full health coverage premiums without HCTC. Further, TAA recipients are eligible for COBRA coverage extensions for as long as they have TAA eligibility or until January 1, 2014. Beginning January 1, 2014, new health coverage options will be available in every state; all individuals will have a range of options in Health Insurance Marketplaces and may be eligible for new tax credits for health insurance or expanded Medicaid options. CSAs should advise eligible TAA recipients of the following:

#### **What are the deadlines to enrolling in Monthly HCTC?**

The Monthly HCTC helps individuals pay for health insurance premiums each month, as their premiums become due. Monthly participants can also claim the Yearly HCTC for months during which they were not enrolled or the HCTC Program did not make a payment to their Health Plan Administrator.

As the IRS advises on its Web site, as of October 1, 2013, the HCTC Program stopped accepting new registration forms for enrollment from individuals or qualified family members for the Monthly HCTC. Monthly HCTC registration forms received by October 1, 2013, will be processed according to current IRS procedures. The Yearly HCTC will still be available for an eligible TAA recipient who files IRS Form 8885, *Health Coverage Tax Credit*, with their 2013 Federal income tax return.

#### **What is the due date for the final Monthly HCTC payment?**

The due date of the final Monthly HCTC payment (eligible TAA recipients pay 27.5 percent, and HCTC pays 72.5 percent) of qualified health insurance premiums is December 24, 2013. However, the November 2013 HCTC payment may be the final payment for eligible TAA recipients. When recipients receive their December 2013 HCTC invoice:

- o If the eligible TAA recipients' existing qualified coverage is already paid through December 2013, they do not pay the December 2013 HCTC invoice.
- o If the eligible TAA recipients' existing qualified coverage is not paid through December 2013 (account in arrears), or the insurance payment cycle has not already covered December, they should pay their December 2013 HCTC invoice.

For all questions about the final Monthly HCTC payment due date, please refer to the IRS HCTC contact information at <http://www.irs.gov/Individuals/HCTC:-Contact-Us>.

### **What happens if I missed the October 1, 2013, Monthly HCTC enrollment deadline?**

Eligible TAA recipients who did not meet the October 1, 2013, deadline for enrolling in the Monthly HCTC, but meet all HCTC eligibility requirements and continue to pay premiums directly to their qualified health plan, may claim the Yearly HCTC for any months in 2013 (including October, November, and December) by filing IRS Form 8885, *Health Coverage Tax Credit*, with their 2013 Federal income tax return. The IRS is responsible for reconciling each individual's account, determining whether a credit balance exists, which will be applied to taxes due, and for issuing a refund for any amount it determines are more than individual taxes owed.

### **What happens to TAA petitions certified after October 1, 2013?**

Eligible TAA recipients who are part of a worker group covered by a petition certified after October 1, 2013, may not enroll in the Monthly HCTC, but may claim the Yearly HCTC for qualified health plan premiums paid through December 31, 2013, on their 2013 Federal tax returns if they meet HCTC candidate and eligibility requirements.

With Yearly HCTC, eligible TAA recipients pay qualified health plan premiums in full throughout the year and then claim the credit on their Federal income tax return. For an explanation of how to file the Yearly HCTC, what to expect after filing, and some quick tips, please visit the IRS HCTC Web site: [www.irs.gov/hctc](http://www.irs.gov/hctc).

### **What happens to HCTC National Emergency Grants (NEGs) on January 1, 2014?**

With the expiration of the HCTC, the Department of Labor will no longer accept applications or award new HCTC NEGs. Existing HCTC NEGs will stop making gap filler payments. The Department will publish separate guidance in the near future specific to the impact of the expiration of HCTC on HCTC NEGs.

### **How long should States continue transmitting individual HCTC eligibility records to the IRS?**

It is important that CSAs continue to transmit individual HCTC eligibility records for eligible TAA recipients to the IRS via the UC Interstate Connection (ICON) network through April 2014 because the IRS requires these 2013 individual HCTC eligibility records to verify who is eligible to claim the HCTC on 2013 Federal income tax returns. The IRS will disregard any individual HCTC eligibility records for months in 2014, but will retain any backdated or other eligible updates or deletions to manage Yearly HCTC during the 2013 tax year filing season.

### **Additional resources:**

To better understand how to access information about new health insurance coverage opportunities made available under the Affordable Care Act (ACA), the U.S. Department of Health and Human Services (HHS) launched an updated Web site located at

[www.healthcare.gov](http://www.healthcare.gov), and individuals can also call 1-800-318-2596 to find out more about new coverage options available under the Affordable Care Act. The Health Insurance Marketplace Web site offers tools, videos, and other resources to help individuals learn about new health insurance options made available under the ACA. For more information, review Training and Employment Notice (TEN) No. 2-13, Preparing for the New Health Insurance Marketplace Coverage Options, issued July 29, 2013.

EBSA Benefits Advisors can provide critical need-to-know information about continuation health coverage under the COBRA, special enrollment rights under the Health Insurance Portability and Accountability Act (HIPAA) and retirement rollover provisions. They may be contacted electronically at [www.askebsa.dol.gov](http://www.askebsa.dol.gov), or by calling toll-free at 1-866-444-3272. EBSA also provides on-site assistance to dislocated workers facing job loss as a result of plant closures or layoffs by participating in state-sponsored Rapid Response sessions. Rapid Response Coordinators are encouraged to contact EBSA at the numbers listed above about information for and participation at Rapid Response events.

- 4. Inquiries.** For inquiries about HCTC, please call the HCTC Customer Contact Center toll-free at 1-866-628-HCTC (4282). For those with a hearing impairment, call 1-866-626-4282 (TTY). (Please note: The HCTC telephone contact information may change. Visit <http://www.irs.gov/Individuals/HCTC:-Contact-Us> for updates.) The Customer Contact Center is open from 8:00am-5:00pm Central time, Monday through Friday. Please direct questions about general tax related information to the IRS at 1-800-829-1040. Please direct questions about completing 2013 Federal income tax forms to the IRS at 1-800-829-3676.

For inquiries about the TAA Program, please call the Employment and Training Administration National Office at 1-202-693-3560 or toll-free at 1-888-DOL-OTAA (1-888-365-6822).