

Mass Workforce Issuance

Workforce Issuance No. 13-67

☐ Policy ☒ Information

To: Chief elected Officials
Workforce Investment Board Chairs
Workforce Investment Board Directors
Title I Administrators
Career Center Directors
Title I Fiscal Officers
DCS Operations Managers

cc: WIA State Partners

From: Alice Sweeney, Director
Department of Career Services

Date: December 17, 2013

Subject: **Expiration of the Health Coverage Tax Credit Program**

Purpose: To notify Local Workforce Investment Boards, One-Stop Career Center Operators and other local workforce investment partners of the expiration of the Health Coverage Tax Credit (HCTC) Program on January 1, 2014, and to advise Cooperating State Agencies (CSAs) in assisting job seekers and workers through the Employment and Training Administration's (ETA) Training and Employment Notice ([TEN](#)) No. 15-13 dated December 12, 2013. This affects eligible Trade Adjustment Assistance (TAA) recipients, eligible Alternative and Reemployment Trade Adjustment Assistant (ATAA/RTAA) recipients and eligible Pension Benefit Guaranty Corporation (PBGC) recipients.

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. The Trade Adjustment Assistance Reform Act of 2002 created the Health Coverage Tax Credit, an advanceable, refundable tax credit for a percentage of the premiums paid for specified types of health insurance coverage including COBRA. 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 tax returns at the end of the year.

The Trade Adjustment Assistance Extension 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).

The HCTC expires on January 1, 2014 meaning every eligible TAA recipient will be responsible for paying their full health coverage premiums without HCTC. 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; 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.

TEN No. 15-13 provides a number of resources and links to additional information. It also addresses questions regarding HCTC to include:

- *What are the deadlines to enrolling in Monthly HCTC?*
- *What is the due date for the final Monthly HCTC payment?*
- *What happens if I missed the October 1, 2013, Monthly HCTC enrollment deadline?*
- *What happens to TAA petitions certified after October 1, 2013?*
- *What happens to HCTC National Emergency Grants (NEGs) on January 1, 2014?*
- *How long should States continue transmitting individual HCTC eligibility records to the IRS?*

Action

Required: Please disseminate this information and assure that all staff is aware of this information.

Effective: Immediately.

Inquiries: Questions related to this issuance should be directed to Beth Goguen at BGoguen@detma.org or 617-626-6053. The HCTC Customer Contact Center is also available 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. Please direct questions about general tax 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.