

# HEALTH COVERAGE TAX CREDIT

## WHAT IS IT?

A federal tax credit that pays 65 percent of the health plan premium for eligible individuals enrolled in qualified health plans.

## YOU ARE ELIGIBLE IF:

- You were determined eligible to receive a Trade Readjustment Allowance (filled out a TRA-26)
- You are collecting Unemployment Insurance, TRA or Additional TRA (apply at 1 800 593-7660)
- **At the same time** you are collecting UI, TRA, or ATRA, you are enrolled in TAA approved training **OR** have completed TAA approved training **OR** have a waiver of training. (Deadline to apply for waivers or training: 8 weeks after company certification or 16 weeks after employment separation date)\*

## YOU MUST HAVE ONE OF THESE QUALIFIED HEALTH PLANS:

1. COBRA with the company that made you TAA eligible
2. Individual coverage that you enrolled in at least 30 days prior to separation from the job that made you TAA eligible
3. State-qualified plan - Dirigo Choice - call 1 888 243-8731
4. Coverage under your spouse's health insurance plan and your spouse's employer/sponsor pays *less than* 50 percent of the health plan premium. The spousal plan can **only** be claimed as an end-of-year tax credit on your tax return and can only be applied to post-taxed income.

Note: If you have one of the first three plans you can enroll in the national HCTC, and HCTC will bill you monthly for 35% of your health care premium and forward your payment plus the remaining 65 percent to your insurance company for you. As an alternative, you may claim the credit for all four insurance plans on your federal income tax return.

## POINTS TO REMEMBER:

- As long as you are eligible one day out of the month, you are entitled to the 65% Health Coverage Tax Credit for that month. For example, if you collected one UI or TRA check during the month, AND were enrolled in TAA approved training, had completed that training, or had a waiver of training, you can be enrolled in HCTC and pay only 35 percent of the premium for that month.
- If you become employed or your UI or TRA ends, you have one more grace month to be enrolled in HCTC. After your grace month you will have to make other arrangements for insurance or make your total COBRA payment.
- HCTC does not cover dental or vision insurance.
- Payments to HCTC must be made on time to avoid possible loss of coverage.
- If your TRA runs out and you are still enrolled in training, you may collect Additional TRA. When the training ends, the ATRA ends, thus disqualifying you for HCTC.
- Sometimes the TRA is exhausted before training ends.

\*You may also qualify during the time frame before the training or waiver deadline as long as you are collecting UI.

## **YOU ARE NOT ELIGIBLE IF YOU ARE:**

- Enrolled in a health plan maintained by an employer or former employer that paid 50 percent or more of the coverage
- Entitled to Medicare Part A or enrolled in Medicare Part B
- Enrolled in MaineCare (Medicaid)
- Enrolled in the Federal Employees Health Benefits Program (FEHIP)
- Entitled to health coverage through the U.S. military health system (Tricare/CHAMPUS)
- Covered by a health plan provided by a spouse's employer that paid 50% or more of the health plan premium
- Claimed as a dependent on someone else's federal tax return in the year you are claiming
- Imprisoned under federal, state or local authority

## **ENROLLING IN THE HCTC PROGRAM**

Once you have met the eligibility criteria previously listed, the Maine Department of Labor (MDOL), Bureau of Unemployment Compensation will electronically submit your name to the national HCTC. When HCTC receives your name, you may call their help line at 1 866 628-4282 and request an application. Along with their application, you will be asked to send them an invoice and enrollment letter from your insurance company. HCTC will make billing arrangements with your insurance company. In about a month you will receive an invoice from HCTC for 35 percent of the premium payment. After HCTC receives your 35 percent payment they will add the remaining 65 percent and forward the whole payment to your insurance company for you. Payment should be made on time as HCTC does not attempt to collect late payments and will not forward late payments. If you know you are going to be late, call Debra Reitchel at 1 888 457-8883.

To enroll in the "State-qualified Plan" call Dirigo Health Agency at 1 888 243-8731.

## **MAINE 65% REIMBURSEMENT PROGRAM**

You will have to make full premium payments until you receive your first invoice from the national HCTC. Maine recognizes that making full payments for a month or more could present a severe financial hardship. You can fill out an application from the State of Maine and receive a 65 percent reimbursement for your monthly premium payment as long as you are qualified and provide proof of payment. Acceptable forms of proof of payment would be cancelled checks, copies of money orders or cashier's checks or paid invoices. Pay stubs, carbons of checks or billing invoices are not acceptable forms of proof of payment. We recommend that you use a money order or cashier's check to make your full payment, because you can immediately copy it and submit it with your application. If you are enrolled in Dirigo, Dirigo will provide the proof of payment for you. Applications are usually processed the day they are received and reimbursement checks mailed immediately.

If you have any questions or would like to request a State of Maine HCTC 65 Percent Reimbursement Application, you can call Debra Reitchel at 1 888 457-8883 or 207 624-6494. You may also contact your career counselor for an application and more information.

*The Maine Department of Labor provides Equal Opportunity in employment and programs. Auxiliary aids and services are available to individuals with disabilities upon request.*