



Charlie Crist  
Governor  
Cynthia R. Lorenzo  
Director

## MEMORANDUM

**DATE:** November 18, 2010  
**TO:** Insurance Providers  
**FROM:** Kevin R. Neal, Director of Workforce Services *Kevin R Neal*  
**SUBJECT:** Health Coverage Tax Credit

This is to remind Florida's Insurance Providers of a public-private initiative authorized by the Trade Reform Act of 2002, (*P.L. 107-210*). This law created a federal tax credit to help pay for the private health coverage for displaced workers certified to receive certain Trade Adjustment Assistance (TAA) benefits and for individuals receiving benefits from the Pension Benefit Guaranty Corporation (PBGC). The credit is referred to as the Health Coverage Tax Credit (HCTC).

In accordance with the healthcare provisions of the Act, eligible individuals in Florida will be able to automatically enroll in qualified plans in the following categories:

- COBRA** Any continuation coverage that the eligible individual has under the federal Consolidated Omnibus Budget and Reconciliation Act of 1985.
- SPOUSE'S COVERAGE** Coverage under a group health insurance plan that is available to the eligible individual's spouse, if the spouse's employer contributes less than 50 percent of the total cost of coverage for the spouse, eligible recipient, and any dependent.
- INDIVIDUAL INSURANCE** Coverage under individual health insurance if the eligible individual was covered under the insurance during the entire 30 day period prior to separation from employment that qualifies the person as a TAA or PBGC recipient.

The state may also approve plans with providers of health insurance (including individual insurance) to offer other coverage to eligible individuals. All eligible insurance providers in the state may develop plans specifically for eligible HCTC recipients. For individuals who have had at least three months of creditable coverage prior to seeking enrollment under the "state arrangement" category, the insurance will only be considered qualified health insurance if it meets the following four federal criteria:

### Agency for Workforce Innovation

The Caldwell Building, Suite 100•107 East Madison Street•Tallahassee, Florida•32399-4120  
Telephone (850) 245-7105•Fax (850) 921-3223•TTY/TDD 1-800-955-8771-Voice1-800-955-8770

[www.floridajobs.org](http://www.floridajobs.org)

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All voice telephone numbers on this document may be reached by persons using TTY/TDD equipment via the Florida Relay Service at 711.

1. *Guaranteed issue:* Qualifying individuals must be guaranteed enrollment regardless of medical status and must be permitted to remain enrolled as long as they pay the premium.
2. *No pre-existing condition restrictions:* No pre-existing condition restriction may be imposed on qualifying individuals.
3. *Nondiscriminatory premium:* The premium charged for a qualifying individual may not be greater than the premium for a similarly situated person who is not receiving the same credit.
4. *Benefits are the same:* Under coverage provided to similarly situated persons who are not qualifying individuals, the benefits are the same (or substantially the same).

The HCTC began as a ground breaking tax credit program in 2002, and in 2009 benefits were expanded from 65 percent to 80 percent of coverage as a result of the American Recovery and Reinvestment Act (ARRA). The ARRA changes will expire on December 31, 2010, unless extended by Congress. At this time, we do not yet know if Congress will extend this legislation or not. If the ARRA changes expire and the legislation is not extended, the HCTC Program will revert to pre-ARRA operations. The federal tax credit amount will either equal 65 percent or 80 percent of the amount paid by the eligible individual for health insurance coverage for the individual and qualifying family members. An eligible individual will be able to either claim the credit on his/her income tax return, or to claim the credit on a monthly basis by having the federal government pay the monthly premium on his/her behalf. For those individuals who claim the tax credit at the end-of-year, the plans and premium payments will continue to be administered by the company, the third party administrator or the individual. Since the "end-of-year" tax credit provision became effective on December 1, 2002, your company may already be providing coverage for HCTC recipients.

Eligible individuals in Florida have the option of receiving an advance monthly premium payment of the HCTC or waiting until they file a tax return to claim the credit. To enroll in the program, eligible individuals will have to call the HCTC Customer Center. A HCTC customer representative will verify an individual's eligibility and confirm health coverage. Depending on Congress extension of the program's ARRA provisions, the eligible individual must submit either 35 percent or 20 percent of the premium amount each month to a payment center. The payment center then adds the remaining 65 percent or 80 percent and sends the full payment to the designated health plan.

For the period September 1, 2008 through September 30, 2008, IRS reported that over 1,147 individuals in Florida were enrolled in the HCTC Program. Of those enrolled, 549 individuals were enrolled through COBRA and 598 individuals were enrolled through the State-Qualified Plan. Since August 2003 approximately 2,569 individuals in Florida have been cumulatively enrolled in the program. IRS estimates that there are approximately 12,580 individuals in Florida potentially eligible to receive the HCTC benefits.

The IRS is responsible for administering the HCTC program in cooperation with the Department of Treasury, Department of Labor and the Department of Health and Human Services. For more information from the federal government about the HCTC Program, please call the HCTC Program Customer Contact Center's toll free phone number 1-866-628-HCTC. Program information is also available on the HCTC Program website: <http://www.irs.gov/individuals/index.html>, select Health

Coverage Tax Credit (HCTC). You also may contact our Agency for Workforce Innovation's Call Center at 1-800-342-3450 to inquire about this and other workforce programs in Florida.

**If you would like to submit a new plan or modify an existing plan to serve HCTC recipients, please notify the Agency for Workforce Innovation at either of the following addresses by December 13, 2010:**

**Mailing Address**

**Agency for Workforce Innovation  
Caldwell Building, MSC# G-229  
107 East Madison Street  
Tallahassee, FL 32399-4135**

**Or**

**Email Address: [larry.mcintyre@flaawi.com](mailto:larry.mcintyre@flaawi.com)**

The Office of Insurance Regulation will promptly review any filing under the "state arrangement" category to ensure that it meets both the federal HCTC criteria and Florida's insurance laws.

Insurance providers will play a critical role in the success of this program. We encourage your business to take full advantage of the benefits afforded to it through the federal HCTC initiative.

Thanks in advance for your support.

KRN/olm

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|-----|---------------------|------------------------------------|
| cc: | Mr. Chris Hart      | Mr. Kevin McCarty                  |
|     | Ms. Cynthia Lorenzo | Mr. Jay Barber                     |
|     | Mr. Tom Clendenning | Regional Workforce Board Directors |