

# Consumer Guide to Individual Health Insurance Premium Assistance (Health Coverage Tax Credit)

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*North Carolina Department of Insurance*



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Insurance Commissioner

## Health Insurance Premium Assistance for Certain Eligible Displaced Workers

Public Law No. 107-210, the Trade Adjustment Assistance Act of 2002, (“TAA”), provides assistance to certain displaced workers in paying for qualified health insurance. This assistance is in the form of a federal income tax credit, the Health Coverage Tax Credit (HCTC), which will pay 65 percent of the health insurance premium paid by eligible individuals. The HCTC may apply to premiums paid for your spouse and dependents as well.

Eligible individuals can take the tax credit at the end of the year, or elect to have the tax credit paid directly to the insurance company on a monthly basis to help pay for health insurance premiums as they become due. There will be some delay between the time you qualify for the tax credit and when the IRS can begin making the payments, so you should be prepared to pay 100 percent of the premium for at least the first month of coverage.

The HCTC monthly payment program works as follows:

- Individual eligibility is verified;
- A review is done to make sure the plan you have selected is allowed under the HCTC program;
- Eligible individuals are sent a bill for 35% of their monthly health insurance premium;
- You send your 35% share of the premium to the HCTC program;
- The HCTC program adds the remaining 65% and makes the full premium payments to your health plan.

### HCTC Pays 65% You Pay 35%

To receive this assistance, you must be enrolled in a “HCTC-qualified” health plan. In North Carolina, HCTC-qualified plans include:

- COBRA and State Continuation (where available)
- Coverage through your spouse’s employer (When HCTC is applied to this coverage, the advance tax credit is NOT available; the credit must be claimed on your year-end tax return.)
- Individual coverage that was in effect for 30 days before you lost your employer-based coverage
- “State-qualified” individual plans offered by private insurers.

#### **“Inclusive Health” (the North Carolina Health Insurance Risk Pool)**

Currently, Inclusive Health (also known as the North Carolina Health Insurance Risk Pool) is the only such plan available in North Carolina. Inclusive Health was created by the North Carolina General Assembly in 2007, and began offering coverage in January, 2009. Inclusive Health is required to accept all eligible individuals whether or not there has been a lapse in coverage. Inclusive Health must accept applicants who are TAA, ATAA or PBGC recipients and eligible for the Health Coverage Tax Credit (HCTC). You can reach Inclusive Health by calling 1-866-665-2117 or by going to the Inclusive Health website at [www.inclusivehealth.org](http://www.inclusivehealth.org).

In addition to premium assistance, the HCTC program offers other advantages. When you apply for HCTC-qualified coverage within 62 days of losing your employer-based coverage, the HCTC-qualified plan cannot refuse you, and cannot exclude or limit coverage for a pre-existing condition, as long as you had individual or employer coverage (“creditable coverage”) in effect for at least 3 months immediately prior to applying for coverage under the HCTC-qualified plan (with no break in coverage for more than 62 days). If you did have a break in coverage of 63 days or more after losing your employer-based plan, or have less than 3 months of creditable coverage when applying for the HCTC-qualified plan, the HCTC-qualified plan *may* apply waiting periods (of up to 12 months) for pre-existing conditions. If you did have such a break in coverage, or did not have at least 3 months of creditable coverage, be sure to ask the HCTC-qualified plan how it will handle pre-existing conditions, before you enroll.

## Points to Remember When Considering Whether to Buy Coverage

- If your company is offering continuing COBRA coverage, you must elect and exhaust any COBRA benefits before applying for coverage with Inclusive Health (the North Carolina Health Insurance Risk Pool).
- If COBRA is not offered, you may apply to Inclusive Health immediately.
- Inclusive Health cannot turn you down based on your medical condition, or increase your premium based on your medical condition, or apply a pre-existing condition exclusion to the coverage.
- To realize the most benefit from the HCTC, you should try to keep your own non-HCTC-qualified coverage in effect long enough to make sure you will not have a break in coverage of more than 62 days before applying for coverage under a qualified plan and to make sure you had at least 3 months of creditable coverage prior to applying for coverage under the qualified plan. This will ensure that, once you enroll in a HCTC-qualified plan, you will not be subjected to waiting periods for pre-existing conditions.
- If you have access to more than one qualified plan, be sure to compare covered services, benefit levels, premiums and provider networks, to see which plan best meets your overall needs.

## Frequently Asked Questions

**1. My company has closed and gone out of business and my health insurance has terminated. What are my health insurance options for receiving the Health Coverage Tax Credit?**

Coverage under your spouse's employer-based health plan (assuming that it meets the required conditions to be considered a qualified plan) and State-qualified coverage offered by Inclusive Health (the North Carolina Health Insurance Risk Pool) are your options for obtaining HCTC-qualified coverage. You can reach Inclusive Health by calling 1-866-665-2117 or by going to the Inclusive Health website at [www.inclusivehealth.org](http://www.inclusivehealth.org). For additional information regarding your rights to continue or obtain replacement health insurance coverage, you can call the North Carolina Department of Insurance (NCDI) Individual Services Division at 1-800-546-5664.

**2. My employer is still in business, but I was laid off. What are my health insurance options?**

You may be entitled to continue your health insurance coverage under COBRA or State Continuation (or choose any other qualified plan as mentioned above), and if eligible receive HCTC assistance. If you have additional questions or concerns regarding COBRA you can contact the US Department of Labor, toll-free, at 1-866-444-3272. For questions about State Continuation, you can contact the NCDI Individual Services Division at 1-800-546-5664.

**3. How do I find out if I am eligible for HCTC assistance?**

Call HCTC's toll free number, 1-866-628-4282.

**4. If I am not now HCTC qualified, whom can I contact to see if I can become qualified?**

Contact your local Employment Security Commission office.

**5. Who are the insurance companies that offer HCTC qualified health insurance coverage at this time?**

Currently, Inclusive Health is the only source of State-qualified HCTC coverage.

**6. Am I required to take the HCTC advance monthly payment or can I just claim the credit on my tax returns?**

You may claim the credit on your federal tax return if you prefer not to receive the advance payment. Just remember to verify your eligibility, make sure your health insurance is qualified for the HCTC, continue to pay 100% of your health insurance premiums each month, keep copies of your health insurance bills and payment records, and follow the IRS instructions for submitting Form 8885 as part of your tax return. Also, if you use your spouse's employer-based coverage as your HCTC-qualified plan, the tax credit must be claimed on your tax return.

**7. Can I buy HCTC-qualified coverage even if I have a break in coverage for 63 or more days before applying for coverage?**

Yes, Inclusive Health, the only state-qualified HCTC plan, is *required* to accept you for coverage even if you have had a break in coverage of more than 62 days.

**8. Can I buy HCTC-qualified coverage if I did not have 90 days of creditable coverage prior to applying for the qualified coverage?**

Yes, Inclusive Health, the state-qualified HCTC plan, is *required* to accept you for coverage if you are eligible for the HCTC, regardless of whether you have had prior coverage.

**9. Can I get any help paying premiums between the time I am eligible for the monthly advance payment and the time the payments start?**

The State has received some funds to help cover the premium payments from the time you are notified that you qualify for the HCTC payment and the time that the HCTC program begins making the monthly advance payments. For information about this “bridge” program, contact your local Employment Security Commission office.

**10. Once I pick a qualified plan, such as COBRA, can I later switch to another qualified plan?**

Yes. You can move from COBRA State Continuation into a State-qualified plan after you have exhausted any available COBRA coverage.

**11. Can I buy any coverage to “fill in” if I will otherwise have a break in coverage or will not have 90 days of creditable coverage before I apply for a qualified plan?**

Yes, and it is important to maintain health insurance while applying for a new plan. Although, short-term health insurance plans are not HCTC-qualified plans, and therefore are not eligible for the HCTC, they are considered “creditable coverage.”

**12. How long does the coverage last?**

Eligibility for the HCTC continues as long as the individual meets the requirements for receiving benefits under the TAA. Time limits do apply. Once the individual is enrolled in the HCTC program, the Employment Security Commission will be able to answer specific questions about time limits on eligibility.

**13. If I get another job, will I lose my TAA benefits, including my tax credit?**

Going back to work will not in itself disqualify an individual from the program, as long as the new employer does not pay more than 50 percent of the insured's premium. There may be other requirements, however, that would affect your being eligible to continue TAA benefits. You should contact the HCTC Customer Contact Center.

**14. I received TAA certification because I was laid off in another state. I now live in North Carolina. Can I receive the tax credit for buying a North Carolina State-qualified product?**

Yes.

## For Additional Information

**Inclusive Health (North Carolina Health Insurance Risk Pool)**

Toll Free at 1-866-665-2117

Website: [www.inclusivehealth.org](http://www.inclusivehealth.org)

**Federal HCTC Customer Contact Center**

Toll Free at 1-866-628-HCTC (1-866-628-4282)

TDD/TTY callers, please call 1-866-626-HCTC (1-866-626-4282)

Website: [www.irs.gov/individuals/index.html](http://www.irs.gov/individuals/index.html)

**Information on the Trade Adjustment Assistance Act of 2002**

United States Department of Labor Employment and Training Administration (DOLETA)

1(877) US-2JOBS (1-877-872-5627)

Website: [www.doleta.gov](http://www.doleta.gov)

## **North Carolina Department of Insurance**

You can reach the North Carolina Department of Insurance (NCDI), Consumer Services Division at:

1-800-546-5664 (toll free)

919-807-6750 (outside of North Carolina)

919-715-0319 (TDD) Telephone Device for Deaf Caller

919-733-0085 (Fax)

Consumer Services Division

North Carolina Department of Insurance

1201 Mail Service Center

Raleigh, NC 27699-1201

Additional information, including our online complaint form, can be found at [www.ncdoi.com](http://www.ncdoi.com).