



HCTC Fact Sheet for Media

What is HCTC?

The Health Coverage Tax Credit (HCTC) is a Federal Government program run by the IRS (Internal Revenue Service) to help qualified trade-affected workers, retirees, and their families pay their health insurance premiums.

Specifically, the HCTC pays 65 percent of eligible individuals' monthly health insurance premiums.

The HCTC is a refundable tax credit paid in full regardless of the amount of federal income tax an eligible individual owes. The HCTC is available on a monthly basis to help individuals pay their health insurance costs as they become due or on a yearly basis when they file their federal tax return. The HCTC Program partners with various federal and state agencies and Health Plan Administrators (HPAs) to deliver the tax credit to eligible individuals.

How Did HCTC Originate?

The HCTC began as a ground-breaking tax credit program in 2002. Described by some participants as “a lifesaver,” the Health Coverage Tax Credit (HCTC) is a federally-funded tax credit that makes it possible for individuals to pay only 35% of their health insurance.

Congress understood that losing one's health coverage could be as distressing as losing one's job or having one's pension taken over. The purpose of the HCTC, therefore, is to make health coverage more affordable for these groups of people who otherwise might not be insured.

The HCTC is unique, because it is the first time a federal tax credit is being used to help people who are affected by trade or employers experiencing financial hardship afford health insurance coverage.

Who is Eligible for HCTC?

Nationwide, thousands of people are potentially eligible for the program. Some of them are displaced workers who are certified by the Department of Labor as eligible to receive Trade Readjustment Allowances under the Trade Adjustment Assistance Act (TAA). Others qualify because they receive benefits from the Pension Benefit Guaranty Corporation (PBGC) and are between 55 and 65 years of age.

Eligible Candidates for the program:

- » Receive a benefit from the Pension Benefit Guaranty Corporation (PBGC) and are between 55 and 65 years of age.
- » Meet certain requirements under the Trade Adjustment Assistance (TAA) for Workers program
- » Receive payments under the Alternative Trade Adjustment Assistance (ATAA) or Reemployment Trade Adjustment Assistance (RTAA) programs.

For additional eligibility requirements, please see the [IRS webpage on eligibility](https://www.irs.gov/hctc).



Eligible Candidates receive a Program Kit by mail that explains the tax credit and provides a simple checklist to determine eligibility as well as a program enrollment form, if they qualify.

Which Types of Health Plans Qualify for HCTC?

The HCTC will pay for 65% of qualified* health plans which include:

- » COBRA
- » State-qualified health plan
- » Spousal coverage
- » Non-group/individual health plan

* Other types of health coverage may be qualified for the HCTC, including health plans associated with Voluntary Employee Benefit Associations (VEBAs) and trust funds.

For more information on qualifying health plans, please see this [IRS webpage on qualified health plans](#).