

Health Insurance Premium Assistance For Certain Eligible Displaced Workers

The Trade Adjustment Assistance Act (TAA) of 2002, Public Law No. 107-210 (“the Act”), 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. HCTC may cover your spouse and dependents in addition to you.

Beginning in August 2003, 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 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 percent of their monthly health insurance premium;
- You send your 35 percent share of the premium to the HCTC program;
- The HCTC program adds the remaining 65 percent and makes the full premium payments to your health plan.

HCTC PAYS 65% You Pay 35%

To receive this assistance, eligible individuals 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* (subject to certain limitations), individual coverage that was in effect for 30 days before you lost your coverage through your employer, and “State-qualified” individual plans offered by private insurers. The Act does not require health insurance carriers to offer these plans. Currently Blue Cross Blue Shield of NC (BCBSNC) is the only carrier who has agreed to offer State-qualified HCTC coverage. BCBSNC’s Blue Advantage Plan will be available as such beginning October 1, 2003. You may reach BCBSNC by calling 1-800-324-4973.

* Please note, the advance tax credit is NOT available when you choose spousal coverage; however, HCTC credit can be claimed on your year end tax return.

There are other advantages of the HCTC program, in addition to the premium assistance. When you apply for HCTC-qualified coverage within 62 days of losing your employer-based coverage, the plan cannot refuse you coverage or exclude or limit coverage for a pre-existing condition, so long as you had some kind of individual or employer coverage (known as “creditable coverage”) in effect for at least three months immediately prior to applying for coverage under the qualified plan (not including a break of up to 62 days). If you have a break in coverage of 63 days or more following the loss of your employer plan, or have less than three months of creditable coverage when you apply for coverage under a qualified plan, qualified plans *may* refuse you coverage or, if they accept you for coverage, they may apply waiting periods of up to 12 months for pre-existing conditions. If you have a break in coverage of 63 days or more prior to applying for coverage under a qualified plan, or did not have at least three months of creditable coverage (not including a break of up to 62 days) prior to applying for a qualified plan, ask the company offering the qualified plan how it will handle pre-existing conditions.

Points to Remember When Considering Whether to Buy 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 three months of creditable coverage prior to applying for coverage under the qualified plan. This will ensure that, once you enroll in the HCTC program, whichever qualified plan you choose will have to issue you a policy, and waiting periods for pre-existing coverage will not be applied.
- State-qualified plans such as Blue Advantage are permitted to ask you for information about your health and medical history, and use that information to determine your initial premiums. Therefore, if you have access to more than one qualified plan, it is a good idea to compare your options.
- Just as anyone who is choosing from among different health plans, if you have access to more than one qualified plan, 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?

Coverage under your spouse's employer health plan (assuming that it meets the required conditions to be considered a qualified plan) and State-qualified coverage offered by BCBSNC would be your options for obtaining HCTC-qualified coverage. BCBSNC can be reached at 1-800-324-4973. For additional information regarding your rights to continue or obtain replacement health insurance coverage, you may call the North Carolina Department of Insurance (NCDI) Consumer Services Division at 1-800-546-5664.

2. My employer continues to operate; however, 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 U.S. Department of Labor, toll-free, at 1-866-275-7922. For any questions you may have concerning State Continuation you may contact the NCDI Consumer Services Division, toll-free, at 1-800-546-5664.

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

You may 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?

You may contact your local ESC office.

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

Currently BCBSNC is the only insurer who offers a State-qualified plan under the HCTC program. However, the North Carolina Department of Insurance is encouraging other insurers to consider offering a qualified plan.

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 percent 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 coverage as your qualified plan, claiming the credit on your tax return is the only way you can take the credit.

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

State-qualified HCTC plans are not *required* to accept you for coverage if you had a break in coverage of more

than 62 days, but they may *agree* to accept you. If a State-qualified plan does accept you for coverage, it may apply a waiting period of up to 12 months for coverage on pre-existing conditions if it chooses to. Different rules and time frames will apply to COBRA and coverage under your spouse's employer plan. If you are accepted under the qualified plan, you can claim the tax credit just as if you had not had the break in coverage. Contact the insurance carrier whose coverage you are considering to find out how it treats breaks 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?*

State-qualified HCTC plans are not *required* to accept you for coverage if you had less than three months of creditable coverage, but they may *agree* to accept you. If a State-qualified plan does accept you for coverage, it may apply a waiting period of up to 12 months for coverage on pre-existing conditions if it chooses to. Any waiting period should be reduced by the amount of time you had creditable coverage before applying to the qualified plan. Different rules and time frames will apply to COBRA and coverage under your spouse's employer plan. If you are accepted under the qualified plan, you can claim the tax credit just as if you had 3 months of creditable coverage. Contact the insurance carrier whose coverage you are considering to find out how it treats cases where a person has less than three months of creditable coverage.

9. *Can I get any help with 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?*

You may move from COBRA or State Continuation into a State-qualified plan such as Blue Advantage. The federal authorities responsible for administering the HCTC program have advised the Department that information on additional ability to switch plans (such as moving from Blue Advantage into COBRA) will be available this fall.

11. *My employer has shut down, so COBRA or State Continuation is not an option for me, and I don't have access to coverage through a spouse. Can I get HCTC-qualified coverage NOW, before the Blue Advantage plan is available as a qualified plan?*

Unless you had individual coverage in effect on your own for at least 30 days before your employer stopped offering coverage, there is no HCTC-qualified plan available to you until the BCBSNC Blue Advantage plan is available on October 1, 2003. To give you some means of obtaining coverage, BCBSNC has agreed to offer its short term health insurance plan to HCTC-eligible individuals on a "guaranteed issue" basis, with no exclusions or waiting periods on coverage for pre-existing conditions. However, this short-term plan is not a HCTC-qualified plan and therefore you will not be eligible to receive the tax credit for it. You may reach BCBSNC to discuss the non-qualified short-term plan by calling 1-800-324-4973.

12. *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. BCBSNC has agreed to offer its short term health insurance plan to HCT-eligible individuals on a "guaranteed issue" basis, with no exclusions or waiting periods on coverage for pre-existing conditions. Although, this short-term plan is not a HCTC-qualified plan and therefore you will not be eligible to receive a tax credit for it, it is "creditable coverage" to help you avoid the possibility of being denied coverage or being subject to waiting periods on coverage for pre-existing conditions. You may reach BCBSNC to discuss the non-qualified short-term plan by calling 1-800-324-4973.

13. *How long does the coverage last?*

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

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

Going back to work will not in itself disqualify a person 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.

15. *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

HCTC Customer Contact Center

For questions regarding eligibility and registration.

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

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

You may access the website at www.irs.gov/individuals/index.html

Trade Adjustment Assistance Act of 2002, contact:

The Department of Labor Employment and Training Administration (DOLETA)

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

You may access the website at www.doleta.gov

How to Reach Us

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

800-546-5664 Toll free inside North Carolina

919-733-2032 Outside of North Carolina

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

919-733-0085 Fax

You can find additional information including our complaint form on the North Carolina Department of Insurance Web site at www.ncdoi.com. The address for the North Carolina Department of Insurance, Consumer Services Division is:

Consumer Services Division

North Carolina Department of Insurance

1201 Mail Service Center

Raleigh, NC 27699-1201