IRS HCTC
Health Plan Administrator Operations Guide

HCTC
Federal • State • Private Industry
Health Coverage Tax Credit

Executive Summary

The purpose of this Guide is to provide a comprehensive reference tool to help Health Plan Administrators (HPAs) understand the IRS Health Coverage Tax Credit (HCTC) Program, including the enrollment process and account maintenance procedures. The Guide also contains a glossary of terms, copies of forms, and HCTC contact information.

The HCTC is a federal tax credit that pays 65% of the qualified health plan premiums paid by eligible individuals and their qualified family members. It may be claimed in advance to help pay for health plan premiums as they become due, or as a lump sum credit on a federal tax return.

The following are brief descriptions of information you will find in each section of the Guide.

How the HCTC Program Works

The success of the HCTC Program is heavily dependent upon other government agencies, private sector organizations, and the participation of eligible individuals. This section will help you understand your role, and provide details of how the tax credit can be claimed.

HPA Enrollment

There are three steps to the HPA enrollment process. The first two steps are required to begin receiving payments from the HCTC Program. The third step is optional. Follow the detailed instructions on the following pages carefully to provide a valuable benefit to eligible individuals while avoiding potential payment difficulties.

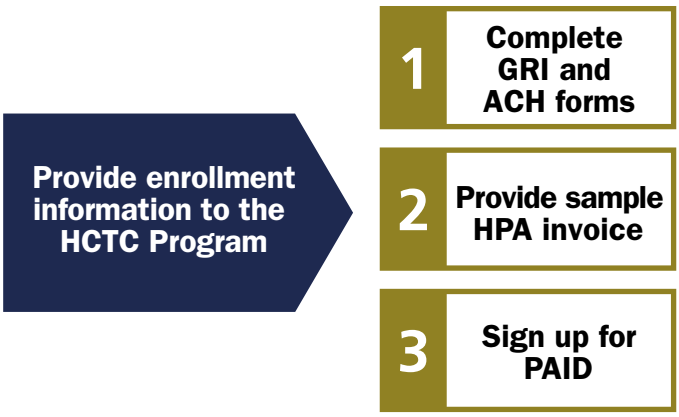

Figure 1: HPA Enrollment Steps

Executive Summary

Account Maintenance

As part of your participation in the HCTC Program, we request that you provide accurate and timely updates including, but not limited to, changes in premiums or policy benefits, changes to policyholders, and changes to your organization.

Within the Appendix of this Guide are answers to some of the most frequently asked questions HPAs ask about the HCTC. There is also a glossary of terms and acronyms, and copies of forms that will be requested of you as you interact with the HCTC Program.

The HCTC Program is always available to answer your questions and resolve any issues that may arise. Visit www.irs.gov (IRS Keyword: HCTC), or contact your assigned HCTC Finance and Accounting Representative. If you are unsure whom to contact, call the HCTC Customer Contact Center at 1-866-628-HCTC (4242), TDD/TTY 1-866-626-4282.

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Overview

HCTC Background

The Health Coverage Tax Credit (HCTC) was signed into law on August 6, 2002 as a component of the Trade Act of 2002. The HCTC is a tax credit that pays up to 65% of the qualified health plan premium for eligible individuals and their qualified family members. It may be claimed as an advance tax credit applied toward monthly, qualified health plan premiums as they become due; or as a lump sum credit on a federal tax return.

Only certain health plans qualify for the credit. In order for health plans to qualify, they must meet conditions set forth by the Trade Act of 2002.

The Internal Revenue Service, a branch of the U.S. Department of the Treasury, administers the HCTC in partnership with other federal agencies, the states, and the private health care industry.

HCTC-Eligible Individuals

Individuals who are potentially eligible for the HCTC include those that are eligible to receive benefits through:

- Trade Adjustment Assistance (TAA)
- Alternative Trade Adjustment Assistance (ATAA)
- The Pension Benefit Guaranty Corporation (PBGC)

Claiming the Tax Credit

Eligible individuals may claim the credit annually on their federal tax return, or in advance to help pay for qualified health plan premiums as they become due. The advance tax credit option enables more affordable and accessible health coverage for eligible individuals who might not otherwise be able to obtain health coverage.

As a participant in the advance tax credit program, an individual remits payment to the HCTC Program equal to 35% of their qualified heath plan premium. The HCTC Program then includes a proportionate 65% amount and forwards the total amount to the HPA. In some cases, this amount may not be equal to the full premium amount due. It is the responsibility of the participant to pay 100% of the difference to the HPA.

Overview

Qualifying Health Coverage

The HCTC may only be used to cover the cost of qualified health coverage. Only the following types of health coverage are qualified for the HCTC:

- **COBRA continuation coverage** as provided under the federal Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985. COBRA HPAs are required to accept payments from the HCTC Program for eligible COBRA enrollees who wish to participate in the advance tax credit program. Internal Revenue Service Regulations 64 Fed. Reg. 5169-5170 (February 3, 1999) require COBRA administrators to accept payments from third parties on behalf of their qualified enrollees.
- **Non-group (individual) health coverage** that began at least 30 days prior to the date the individual separated from the job that made him/her eligible for TAA, ATAA, or PBGC benefits.
- **Spousal coverage**, or coverage under a group plan available through the employer of an eligible individual's spouse. In most cases this type of coverage, although allowable under the HCTC legislation, does not qualify for participation in the advance tax credit program.
- **State-qualified health coverage**, or coverage that is determined by a state's Department of Insurance to meet the legislative requirements set forth in the Trade Act of 2002.

Overview

Advantages of State-Qualified Health Coverage

We send the customer to you. The HCTC Program provides information about state-qualified health plans to HCTC candidates who are not yet insured or who may need to change health coverage to maintain their eligibility (i.e., individuals with COBRA coverage). A full list of state-qualified plans is available at www.irs.gov (IRS Keyword: HCTC).

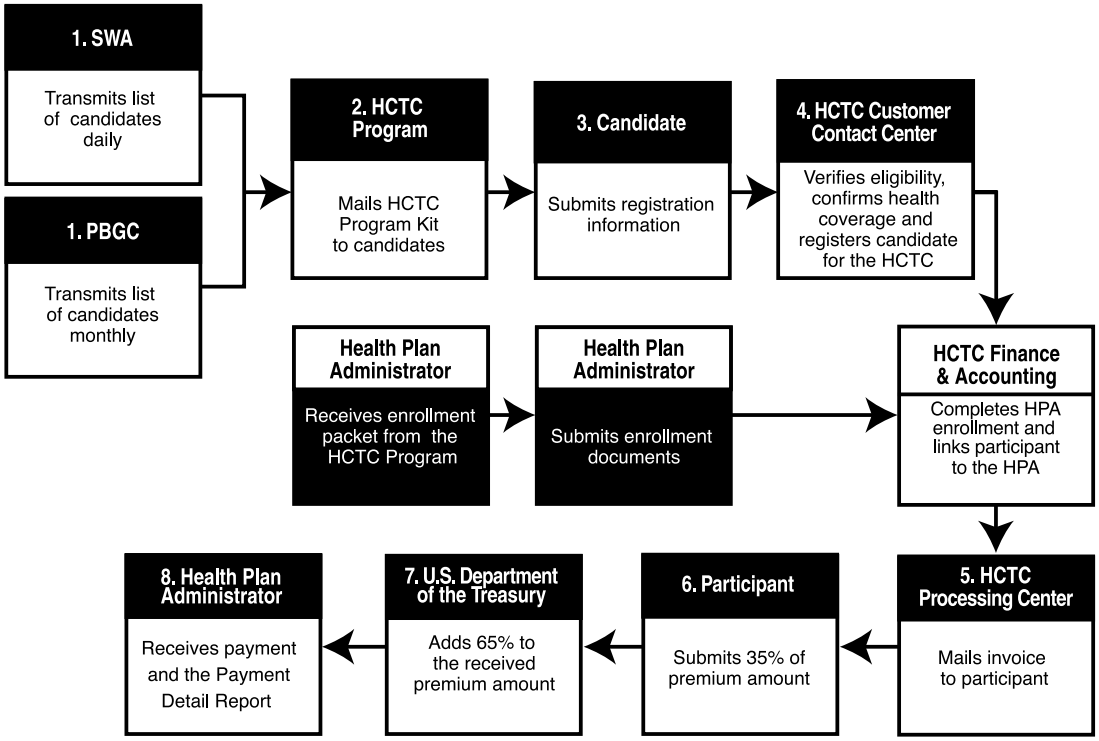
Low customer turnover. Often, state-qualified health coverage is the only qualified coverage available to HCTC candidates. State-qualified plans have the earliest and longest exposure to the eligible population. Contact your state's Department of Insurance to find out more about offering a state-qualified plan for the HCTC.

How the HCTC Program Works

Advance Tax Credit Process

The diagram below shows a simplified schematic of how the advance HCTC Program works. The following paragraphs provide a more detailed explanation of the advance tax credit program.

Figure 2: Advance HCTC Program Process



How the HCTC Program Works

Candidate is Contacted

1. Participating agencies transmit a list of potentially eligible individuals to the HCTC Program. The State Workforce Agency (SWA) provides daily transmissions, and the Pension Benefit Guaranty Corporation (PBGC) provides monthly transmissions.

2. The HCTC Program sends the HCTC Program Kit and Registration Form to the candidate.

Figure 3: HCTC Program Kit Cover

Candidate Completes Registration

3. The candidate completes and returns the HCTC Registration Form. Candidates must submit proof of health coverage, such as a copy of an invoice, or letter from their HPA confirming enrollment.

4. The HCTC Program verifies eligibility, confirms health coverage, and registers the candidate for the advance HCTC Program.

Providing Policy Documentation for HCTC Candidates

HCTC candidates may be required to submit additional documentation to the HCTC Program for excepted premium amounts (i.e. vision, dental) or non-qualified family members who may be on the policy. This additional information is needed only when such premium amounts are not clearly indicated on the submitted invoice.

HPAs may receive calls from HCTC candidates requesting the information outlined above. For example, if non-qualified family members or dental expenses are NOT broken out as separate line items on the participant's invoice, the candidate may ask the HPA to provide a letter that details the costs within their premium for those two items. All letters must be signed by an HPA representative and appear on company letterhead.

How the HCTC Program Works

The HCTC Program will use the documentation a candidate submits to determine the following:

- Qualified premiums (excluding excepted benefits such as vision, dental, non-qualified family members. See below for a full list of excepted premium items.)
- Invoice remittance address
- Invoice due date
- Health plan telephone number

Candidates with COBRA coverage must also provide one of the following documents: a copy of their signed COBRA election letter or form, a letter from their COBRA administrator, or a Notice of Rights to Continue Coverage with proof of payment that matches the invoice amount.

Candidates with non-group (individual) coverage must demonstrate that they were enrolled in a qualified health plan for 30 days prior to separating from the job that made them eligible for TAA, ATAA, or PBGC benefits.

Excepted Premium Amounts

As defined in the Trade Act of 2002, excepted benefits do not qualify for the HCTC. Consequently, the participant is responsible for paying 100% of the premium amount for the following items:

1. Coverage under a medical savings account, flexible spending account or other similar arrangement
2. Any insurance, if substantially all of the coverage is:
   a. Accident or disability income insurance (or a combination of the two)
   b. Liability insurance
   c. A supplement to liability insurance
   d. Workers' compensation or similar insurance
   e. Automobile medical payment insurance
   f. Credit-only insurance
   g. Coverage for on-site medical clinics
   h. Limited scope dental or vision benefits

How the HCTC Program Works

i. Benefits for long-term care, nursing home care, home health care, community-based care (or any combination)
j. Coverage only for a specified disease or illness
k. Hospital indemnity or other fixed indemnity insurance
l. Medicare supplemental insurance, or other similar supplemental insurance to an employer-sponsored group health plan

The HCTC Program is authorized by law to pay 65% of the medical premiums only. Individuals may also remit payment for excepted premium amounts to the HCTC Program if they are billed on the same invoice as the medical premium. Therefore, when a participant makes a payment to the HCTC Program, they must send 100% of the excepted amount in addition to their required 35% medical premium contribution. The HCTC Program will then add its portion of the premium payment and send the entire amount to the HPA.

Participant Receives HCTC Invoice

5. Upon successful registration, an invoice is mailed to the participant. Participants are cautioned that the HCTC billing cycle may not correspond exactly to their health plan's billing cycle, so the receipt of an HCTC invoice does not mean that they are current with their health plan. Participants are advised to resolve any unpaid balances before making payments to the HCTC Program.

   Note: The HCTC Program distributes invoices to participants monthly. The Program's billing is contingent upon a participant's eligibility for the tax credit. In other words, if a participant is no longer eligible for the tax credit, the HCTC Program will not mail an invoice to the participant, and will not make a payment to their HPA.

Figure 4: Sample HCTC Invoice

How the HCTC Program Works

HPA Receives Payment

6. The HCTC Program receives payment from the participant.
7. The HCTC Program adds the 65% portion of the premium.
8. The HCTC Program directly deposits payments to designated HPA bank account(s).

Facts About Payments

- Payments are made by the Financial Management Service (FMS), a bureau of the U.S. Department of the Treasury, for the Internal Revenue Service (IRS).
- Payments are made per individual policy. There are no bulk payments.
- Payments are delivered electronically using an Automated Clearing House (ACH) transaction in CCD+ format. A 30-character field addenda record containing participant and policy information is also included.
- Participants are responsible for reconciling any outstanding balances directly with their HPAs. The HCTC Program makes payments for the current or future month, not for previous unpaid months.

How the HCTC Program Works

HCTC Payment Reports

Payment information is reported via the following three mechanisms:

1. Payment Detail Report is sent to all participating HPAs. This report contains a list of the individual payment transactions made to the HPA. The report is sent by U.S. Priority Mail within two days of the payment post date.

Figure 5: Sample Payment Detail Report

IRS1 Payment Proposal List for Proposal run 09/05/2003 VENDR 09/08/2003 / 18:01:33
U.S.A. Identification Code HCP Detail Listing User: GRMART
Company code: IRS1 Page: 1

Vendor#/

ABC HPA
123 ANY ST
NEW YORK, NY 11111-1111 US

Customer Name	HCP Policy#	Group Number	Member Number	Health Care Invoice	Other Invoice
Total Vendor#/	Amount:				

2. Standard National Automated Clearing House Association (NACHA) Addenda Record is a 30-character field attachment sent electronically to a HPA's financial institution by the Treasury Department's Financial Management Service (FMS) with the electronic report of a payment to the financial institution. The addenda record contains personal identifying information regarding the payment sent. The NACHA Addenda Record can be obtained from the designated financial institution by HPAs to assist them in posting member payments.

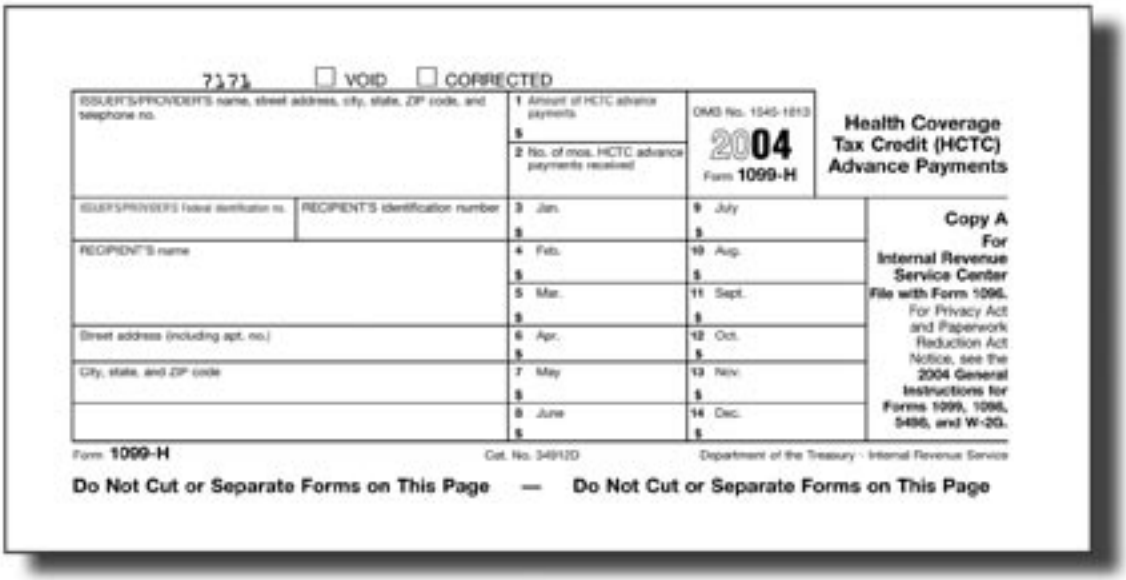
3. PAID is an elective service of the Treasury Department's FMS that provides email notification to HPAs and TPAs of HCTC payments.

How the HCTC Program Works

Federal Tax Return Process

Individuals may claim the HCTC on their federal tax return for all months that they were eligible, but in which they did not receive the advance tax credit. Individuals who claimed any months, or portions of months, in advance will receive IRS Form 1099-H. This form indicates the amount of the advance tax credit that was paid towards the qualified health plan premiums for the months in which the individual participated in the advance HCTC Program.

Figure 6: Sample 1099-H



7171 ☐ VOID ☐ CORRECTED

ISSUER'S/PROVIDER'S name, street address, city, state, ZIP code, and telephone no.	1 Amount of HCTC advance payments $	OMB No. 1545-1813 2004 Form 1099-H
	2 No. of mos. HCTC advance payments received	Health Coverage Tax Credit (HCTC) Advance Payments
ISSUER'S/PROVIDER'S federal identification no. / RECIPIENT'S identification number	3 Jan. $	9 July $
RECIPIENT'S name	4 Feb. $	10 Aug. $
	5 Mar. $	11 Sept. $
Street address (including apt. no.)	6 Apr. $	12 Oct. $
City, state, and ZIP code	7 May $	13 Nov. $
	8 June $	14 Dec. $

Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2004 General Instructions for Forms 1099, 1098, 5498, and W-2G.

Form 1099-H Cat. No. 34912D Department of the Treasury - Internal Revenue Service

Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page

When individuals claim the HCTC on their federal tax return, they are required to:

- Complete IRS Form 8885
- Provide proof of qualified health coverage for all months claimed (i.e. invoices, COBRA election letter)
- Provide proof of payment for all months claimed (i.e. cancelled checks, bank or credit card statements, or pay stubs)

How the HCTC Program Works

Individuals lacking this documentation may contact their HPA to request it. HPAs should respond to participant documentation requests on official letterhead with an authorized signature. Requests for proof of coverage, if no invoice is available, should contain the same information as an invoice:

- HPA's name, address, and telephone number
- Name of primary policyholder
- Member, group, or policy ID number
- Total premium amount
- Month or months of coverage

Proof of payment should contain the following information:

- Name of primary policyholder
- Social Security Number (SSN)
- Month or months of coverage
- Amount paid for each month

Direct participants with questions about claiming the HCTC on their federal tax return, completing IRS Form 8885, or other tax questions to visit www.irs.gov (IRS Keyword: HCTC).

How to Enroll

Complete the following steps to enroll in the HCTC Program. If you have any questions about the process, contact your assigned HCTC Finance and Accounting Representative. If you are unsure whom to contact, contact the HCTC Customer Contact Center at 1-866-628-HCTC (4282).

Step 1- Sign up for Electronic Funds Transfer (EFT)

To receive electronic payments from the HCTC Program, complete the Automated Clearing House (ACH) Vendor/ Miscellaneous Payment Enrollment Form and the General Registration Information (GRI) Form.

Automated Clearing House (ACH) Vendor/Miscellaneous Payment Enrollment Form

The HCTC Program uses the U.S. Department of Treasury ACH Form to establish Electronic Funds Transfers (EFTs). Complete the ACH Form and return it to the HCTC Program. A sample ACH Form can be found in the Appendix.

General Registration Information (GRI) Form

The GRI Form is used by the HCTC Program to collect information not otherwise captured in the ACH Form. Complete the GRI Form and return it to the HCTC Program. A sample GRI Form can be found in the Appendix.

Matching Critical Information

In order to correctly apply payments, the information provided in the forms and fields below must be identical.

ACH Form Field	GRI Form Field
Payee/Company Information	**Additional Company Information**
Name	Legal Name
SSN OR Taxpayer ID Number	EIN/TIN
Address	Legal Address

How to Enroll

Step 2- Provide Sample Invoice

The HCTC Program uses key enrollee data from HPA invoices to ensure that HPAs are able to apply payments correctly to individual accounts. As part of the enrollment process, HPAs must provide examples of all participant invoices and identify the key data on those invoices. In cases of different divisions, HPAs must provide separate invoices for each.

Key Invoice Data for Non-Group HPAs

Administrators of non-group (individual) health plans must provide the following customer data:

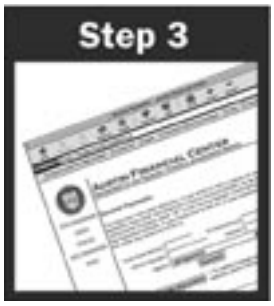
- Participant SSN
- Policy ID, group ID, or member ID
- Employer/former employer name
- Invoice due date
- Start and end date of coverage
- A premium breakout between medical and excepted benefits premiums
- Any other identifying data

Key Invoice Data for State-Qualified HPAs

Administrators of state-qualified health plans must provide copies of the invoices they send to enrolled individuals with the following information highlighted:

- HPA name, address, and telephone number
- HPA payment remit address (if different than the default address above)
- Invoice due date
- Insurance product name
- Total premium
- A premium breakout between medical and excepted benefits premiums
- Group ID, Member ID, or policy number

How to Enroll



Step 3- Sign Up for Payment Advice Internet Delivery (PAID)

HCTC payment remittance information is available to HPAs on the Internet free of charge, through the Payment Advice Internet Delivery (PAID) system. This system was developed by the FMS, a bureau of U.S. Department of the Treasury, to provide payment remittance information to users who are paid electronically through the Automated Clearing House (ACH) system. With PAID, HPAs are able to access daily payment activity and query the PAID database by date, invoice number, or dollar amount.

When registering for the PAID system, HPAs can choose to receive payment remittance information in one of the following ways:

1. Web access to remittance data
2. Email notification of new remittance data
3. Email delivery of remittance data[1]

Advantages of the PAID System

PAID provides immediate, electronic access to payment information. In addition, email notification provides confirmation that payments have been posted to the HPA's bank account within 24 hours of the date of deposit.

PAID provides payment information in a secure manner. Users access the system through a unique log-in ID and password. Secure Sockets Layer (SSL) security (the industry-standard method for protecting web communications) is used on the PAID website and email information is 128-bit encrypted.

With PAID, there is a reduced dependency on banks for the payment addenda record, which may save money if your bank charges for providing this information.

1 A single email can contain up to 8,000 characters. Once this limit is reached, an additional email is generated. if a HPA receives a large volume of HCTC transactions, selecting Option 3 may result in multiple e-mails.

How to Enroll

Register for PAID

Registration can be completed by submitting a registration form online at http://fms.treas.gov/paid. Provide the information requested, select a notification option, and verify that the data provided is correct.

An email confirmation will be sent within five business days, and your PAID account will be active the following day. You will then be able to log in and start receiving email notification immediately.

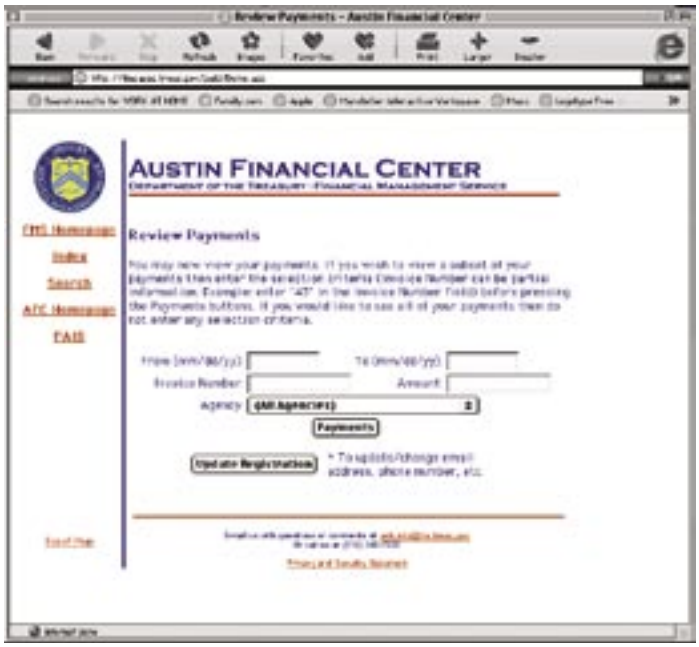


Figure 7: PAID Registration Screen

Questions Regarding PAID

E-mail your PAID questions to HCTCPAID@irs.gov, or call the PAID Helpdesk at (512) 342-7222.

For additional information about PAID, refer to the PAID fact sheet developed by the U.S. Department of the Treasury's Financial Management Service (FMS), which is available at http://fms.treas.gov/paid/PAIDfaq.asp.

HCTC Account Maintenance

Returning Funds to the HCTC Program

There may be instances when an HPA must return funds to the HCTC Program. Reasons for returns may include:

- Participant's coverage ended or was cancelled
- Participant's premium amount changed
- Participant changed HPAs
- Participant's unemployment status changed and the individual is no longer eligible for the HCTC
- Participant became eligible for Medicare
- Incorrect HPA was paid

Prior to returning funds to the HCTC Program, the HPA must inform the HCTC Program of the pending return. This is done by completing the Return of Funds Form, found in the Appendix of this Guide. In the form, the HPA must include:

- Participant name
- Policyholder Social Security Number (SSN)
- Reason for return (in order to process funds appropriately and make any necessary corrections to the HPA's account and/or the participant's account)
- Calculation of returned funds amount

Submitting Bulk Administrative Changes

Follow the instructions below when submitting bulk changes of administrative or premium information to the HCTC Program. Following these instructions will minimize errors and delays in the HCTC Program's ability to make correct payments.

Overview on Submitting a Change

Submit advance notification of impending bulk administrative or premium changes to the HCTC Program during the first week of the month prior to the effective date of the change, or sooner if possible. If you have more than 500 changes, additional advance warning is requested.

The HCTC Program will accept changes submitted during other periods of the month. However, these changes may not be reflected in the payments or payment reports until the following month. For example, if a premium change spreadsheet is submitted to the HCTC Program in the middle of April, the resulting change will not be reflected until June. Since the changes were requested without sufficient time before the HCTC Program mailed its invoices in April for May premiums, the May payments would not include the changed premium amount.

HCTC Account Maintenance

Steps for Submitting a Change

1. Notify Your Members

Administrative or premium changes should be communicated to health plan members before submitting these changes to the HCTC Program. HPAs should continue to maintain direct contact with their members. Although the HCTC Program assist its participants with their health coverage premium payments, it does not assume responsibility for communicating to them changes in coverages, premiums, remittance address, or other such health plan information.

2. Create a Cover Letter and Spreadsheet

Cover Letter Requirements:

- To ensure accountability, HPAs must submit requested changes in a spreadsheet with a cover letter signed by an authorized party.
- The letter must be on company letterhead.
- The text of the letter must specifically reference the name and date on the spreadsheet used to request the administrative changes or premium changes for HCTC participants.

Spreadsheet Requirements:

- Microsoft Excel is the preferred format for submitting a spreadsheet.
- Provide a unique title for the spreadsheet that includes the name of the HPA and date on the spreadsheet. (For example: "HPA name 2005 Annual Premium Changes – January 22 2005" or "HPA name 2005 Group Number Conversion February 12 2005")

HCTC Account Maintenance

- Column Format
  - Column A: Member Name – last name, first name, middle initial
  - Column B: Member SSN – nine characters without spaces or delimiters
  - Column C: Old monthly premium amount (in dollars and cents; do not round): use this column only if a premium change is requested
  - Column D: New monthly premium amount (in dollars and cents; do not round): use this column only if a premium change is requested
  - Column E: Any other portion of the total monthly premium amount for supplemental premiums such as vision or dental coverage (in dollars and cents; do not round): use this column only if a premium change is requested
  - Column F: Group Number – without spaces or delimiters
  - Column G: Member ID Number – without spaces or delimiters
  - Column H: Date that COBRA continuation coverage starts for health plan member – mm/dd/yyyy
  - Column I: Date that COBRA continuation coverage ends for health plan member - mm/dd/yyyy
  - Column J: Total Number Insured – number of insured covered by the plan member, including the member

A	B	C	D	E	F	G	H	I	J
Last, First, M	XXXXXXXXX	$000.00	$000.00	$000.00	12345	123456789	11/22/2005	11/21/2006	X

Figure 8: Sample Administrative Changes Spreadsheet

- If a premium change is not being requested or submitted, Columns C, D and E should not be filled in on the spreadsheet.
- If the plan is not COBRA continuation coverage, Column H should not be included on the spreadsheet.

HCTC Account Maintenance

3. *Submit Spreadsheet*
   Contact your assigned HCTC Finance and Accounting Representative, or the HCTC Customer Contact Center at 1-866-628-HCTC (4282) to determine the best method of submitting your administrative changes spreadsheet.

Effects of Health Plan Member Account Changes on Payment Reports

Change	Payment Detail Report	NACHA Addenda Report	PAID
Eliminating SSN	SSN Not in Report	SSN Remains	SSN Remains
Member ID Change	Changed	Changed (if included)	Changed (if included)
Group Number Change	Changed	Changed	Changed
Policy Number Change (if different than Member ID)	Changed	Changed	Changed
Change of Premium	Changed	Changed	Changed
Employer Name Change	Not Included	Changed (only for COBRA)	Changed (only for COBRA)
Names	Changed	Not Included	Not Included

In summary, when a Health Plan Administrator requests that the HCTC Program make a change in their member administrative information, that change may not be reflected in all HCTC payment reports. This is particularly true when a change is requested for Member IDs

Changes to State-Qualified Health Plan

Administrators of state-qualified plans should be aware that they are responsible for notifying their state's Department of Insurance and the HCTC Program of any changes to state-qualified plan offerings. Failure to work with your state's Department of Insurance to approve the changes will result in a loss of the HCTC benefit for the participants. Contact your assigned HCTC Finance and Accounting representative, visit www.irs.gov (IRS Keyword: HCTC), or contact the HCTC Customer Contact Center for additional information.

Updating Bank Information

If, during the course of business with the HCTC Program, your institution's banking information changes, complete an Administrative Changes Form. Once complete, fax it to:

Internal Revenue Service
HCTC Finance and Accounting Center
Attn: Systems Control Team
Fax Number: 1-800-675-9602

Other Situations

Enrolling Individuals Who Reside in Other States

HPAs who offer state-qualified options may receive inquiries from out-of-state HCTC-eligible individuals. HPAs should follow their standard business practices when deciding whether to enroll these individuals.

Should you decide to enroll or drop out-of-state individuals, contact your assigned HCTC Finance and Accounting Representative to help mitigate any potential payment routing difficulties.

Additionally, if a state-qualified plan notifies the HCTC Program that it is enrolling out-of-state individuals, the HCTC Program will notify individuals who call into the HCTC Customer Contact Center of this additional health coverage option, and will also post this information to the IRS website at www.irs.gov (IRS Keyword: HCTC).

Participant Changing State-Qualified Plans

In states that have more than one state-qualified plan, participants may choose to change their qualified coverage. Under guaranteed issue, qualified participants must be permitted to do so. If a participant changes qualified health plans, there may be a lapse in time between when they notify the HCTC Program of the change and when that change is applied to their account. In general, if their new health plan is enrolled as a vendor in the HCTC Program, the process takes approximately one week.

It is the responsibility of the participant to provide the HCTC Program with notification and proof of new coverage (e.g., an invoice). It is also the responsibility of the participant to make full payments until the change is fully processed, and to resolve any unpaid balances, if necessary.

Participant Moving from COBRA to State-Qualified Plan

Participants nearing the end of their COBRA coverage and wishing to transfer their health coverage to a state-qualified plan must submit a HCTC Registration Update Form at least 30 days prior to the end of their COBRA coverage period. With the HCTC Registration Update Form, participants will attach a copy of their new HPA's invoice. The participant will be re-registered and sent an HCTC invoice by the HCTC Processing Center upon receipt of the completed form and attachments.

Other Situations

Erroneous Payments to HCTC from Individuals

Late or No Payment

If a participant fails to send a payment to the HCTC Program and there is not a credit on their account, the HCTC Program will not submit payment to the HPA. The participant will receive a letter stating that the HCTC Program did not receive his/her payment, and no payment will be sent to the HPA. The individual will be instructed to make a 100% payment directly to the HPA for that month.

If they are still eligible, the participant will receive an HCTC invoice the following month. This invoice will not reflect the amount the participant failed to pay the previous month. Participants may claim the tax credit on their federal income tax return for any HCTC-eligible months that the advance tax credit was not received.

Underpayment

If a participant underpays the HCTC invoice amount, the HCTC Program will match 65% of the payment received and forward this amount to the HPA. The participant will receive a letter stating that he/she has underpaid and is responsible for 100% of the difference paid directly to the health plan.

There are no HCTC guidelines regarding the right of an HPA to cancel an enrollee for short payments. Likewise, should such a participant subsequently request re-enrollment in the HPA's product, the HPA should follow its customary business guidelines when evaluating these cases. For state-qualified HPAs, the guaranteed issue condition will not apply to the re-enrolling participant whose coverage was previously canceled for untimely payments.

Payment Not Received from the HCTC Program

If an HPA does not receive payment from the HCTC Program by the expected date, please contact your assigned HCTC Finance and Accounting Representative.

Appendix

Quick Facts

- The advance HCTC is a tax credit paid monthly to an HPA on behalf of an eligible individual who is enrolled in the HCTC Program.
- State Departments of Insurance are responsible for qualifying "comparable insurance plans" for the HCTC Program. State-qualified health plans are only one of four health plan options available to HCTC-eligible individuals.
- The HCTC eligibility file is updated daily from state workforce agencies (SWAs) and updated monthly from the PBGC
- The HCTC Program invoices participants for 35% of their eligible premium amounts. A proportionate 65% is added the amount received, and that amount is forwarded to the HPA. In some cases, the payment received by the HPA does not equal the full premium amount due. In these cases, it is the responsibility of the participant to pay 100% of the difference.
- The HCTC Program invoices the individual for 35% of the eligible premium amount, then matches 65% of the payment received, and forwards this amount to the HPA. HPAs include former employers and third party administrators.
- The HCTC can only be used only to pay premiums for qualified health plans, and the credit will apply only to premiums for medical expenses. Excepted premium amounts, such as dental and vision coverage, are NOT eligible for the HCTC except when included as part of a comprehensive plan.
- The resolution of unpaid balances is the responsibility of individuals and their HPAs.
- Once you have an HCTC account, refer questions to your assigned HCTC Finance and Accounting Representative. If you do not have an account or are unsure of whom to contact, call the HCTC Customer Contact Center at 1-866-628-HCTC (4282), TDD/TTY 1-866-626-4282.

Appendix

Top 10 Frequently Asked Questions

1. How do HPAs benefit from participating in the HCTC Program?

By participating in the HCTC Program, HPAs can improve access to health coverage for eligible individuals and their families. Without the HCTC, many of these people would not be able to afford health coverage.

Other benefits of participation include:

- Participating in a groundbreaking health coverage tax credit program with the possibility of growth to a larger eligible population.
- Access to a new pool of HCTC-eligible people monthly.
- Long-term relationships with policyholder. TAA eligibility is up to thirty months. PBGC eligibility is up to ten years.

2. How long will this program be in effect?

There is no end date or sunset provision in the Health Coverage Tax Credit (HCTC) legislation. However, payment for the tax credit for eligible individuals is contingent upon funding for the Trade Adjustment Assistance Program (TAA), which has been re-authorized through September 30, 2007.

3. Will the HCTC Program charge HPAs any fees for participation?

No. The HCTC Program does not charge HPAs any fees. The Program has integrated its procedures to minimize HPA administration costs.

4. How do I know I will receive payments on time?

Review the "Erroneous Payments to HCTC from Individuals" section on page 21.

5. Can the HCTC Program endorse one health plan above another?

No.

6. What happens if HCTC participants do not send their portion of the premium to the HCTC Program?

Unless the participant has a credit on their HCTC account, the participant is sent a letter notifying them that the Program has not received their payment and has not sent a payment to their HPA. The letter advises the participant to pay 100% of the premium directly to the HPA for the missed payment period. HCTC participants are responsible for reconciling any outstanding balances directly with their HPAs. HPAs should follow their usual business guidelines when determining cancellation and/or re-enrollment of HCTC participants. The HCTC Program will not bill for a missed payment the following month, just for the premium amount for the current/future month.

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7. **What is the "invoice remit to" address used for?**
   By comparing the "invoice remit to" address on documentation provided by the participant to that provided by the HPA, the HCTC Program can quickly determine whether the HPA is currently enrolled in the HCTC Program. This in turn accelerates the participant's registration process. If the individual is enrolled under a HPA that is not participating in the HCTC Program, we will attempt to enroll the new HPA.

8. **If participants change health plans and their payment went to the previous HPA, can that HPA forward the payment to the new one? Or must the previous HPA return the funds to the HCTC Program?**
   Should this situation arise, contact the HCTC Program immediately. It is critical to the HCTC Program that these funds are moved as quickly as possible to the proper HPA to avoid a loss of coverage.

9. **If a HCTC participant overpays, why can't it be applied to the customer's health plan account to avoid extra paperwork on both ends?**
   The 65% advance credit payment must be made only in months in which the participant is eligible for the HCTC Program. Overpayments cannot remain on the customer's health plan account because the HCTC Program cannot foresee a participant's future eligibility. However, HCTC participants can pay several months at a time to the HCTC Program. These funds are paid out from their HCTC account until they are exhausted.

10. **Can a participant reside outside of the U.S. (the 50 states and District of Columbia) and receive the advance tax credit?**
    At this time, individuals who receive mail at an address outside of the 50 states and the District of Columbia are not eligible to participate in the advance HCTC Program. However, they may claim the HCTC on their federal tax return provided they meet the eligibility requirements and maintain qualified health coverage.

Appendix

Glossary of Terms

ACH - Automated Clearing House.

Advance Credit - A payment plan by which the HCTC Program assists in paying an eligible individual's monthly health plan premiums as they become due. Eligible individuals must register for the advance credit program.

Alternative Trade Adjustment Assistance (ATAA) - The ATAA is a benefit for workers at least 50 years of age who have obtained different, full-time employment within 26 weeks of separation from adversely-affected employment. These workers may receive 50% of the wage differential, up to a maximum of $10,000, during their two-year eligibility period. To be eligible for the ATAA program, workers may not earn more than $50,000 per year in the new employment. Also, the firm where the workers worked previously must meet certain eligibility criteria. Workers who take advantage of the ATAA cannot receive the regular TAA benefits and services, including training, TRA, and job search allowance. They are, however, eligible to apply for relocation allowances and the HCTC. Note: If an individual registers for the tax credit under TAA and then becomes a participant in ATAA, the participant must re-register and re-qualify for the HCTC at that time.

Automatically Qualified Health Plan -The law governing the HCTC Program identifies three types of health coverage as automatically qualified for the purposes of the tax credit for all eligible individuals, without further state actions. The HCTC Program will contact these health plans on behalf of the participant, asking that they participate in the HCTC Program.

1. COBRA continuation coverage, unless the employer or former employer pays at least 50% of the cost of coverage. Any share of a premium that is paid by the individual on a pre-tax basis is considered to have been paid by the employer and must be included as such when determining the percentage of employer coverage.

2. Non-group (individual) coverage in which the participant was enrolled for at least the last 30 days before the participant was separated from the job that made them or her eligible for TRA benefits, ATAA benefits, or for payments from the PBGC. (non-group coverage provided under a contract issued to one individual or family at a time, usually requiring evidence of insurability and usually purchased through agents, brokers, or associations.)

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3. The participant's spouse's insurance from employment (also referred to as "spousal coverage"), as long as the employer contributes less than 50% of the total cost of coverage. Any share of the premium that is paid by the participant or the participant's spouse on a pre-tax basis (such as a flexible spending arrangement) is considered to have been paid by the participant's employer and must be included as such when determining the percentage of employer coverage. If participants qualify for the HCTC under ATAA, they may claim the HCTC to pay for this type of coverage only if the employer does not pay for any portion of the cost of coverage.

   Exceptions: COBRA, state-based continuation coverage, or a special insurance program, which is entered into by the state and an employer and is designed to qualify for the HCTC.

Break In Coverage - A period of time during which an individual is without creditable coverage. HCTC candidates can be required to have had three months of creditable coverage immediately preceding the time that they apply for a qualified health plan. The "immediately" includes a possible break in coverage for up to 62 days. If the break in coverage is more than 62 days, the plan may be able to impose preexisting condition exclusions. Although a Health Plan Administrator can require three months of creditable coverage, it can also waive this requirement.

COBRA - Consolidated Omnibus Budget Reconciliation Act of 1985. COBRA provides the right to temporary continuation of health coverage at group rates for certain former employees, retirees, spouses, former spouses, and dependent children. Eligible individuals must have lost coverage due to a qualifying event and have been enrolled in their employers' health plans when working. (The health plan must continue to be in effect for current employees.) Generally, group health plans for employers with 20 or more employees in the previous calendar year are subject to COBRA.

Covered Entity - Per section 160.103 of the HIPAA Privacy regulations (45 C.F.R. § 160.103), a covered entity is defined as:

1. A health plan;
2. A health care clearinghouse; or
3. A health care provider who transmits any health information in electronic form in connection with a transaction covered by this subchapter.

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Creditable Coverage - For the purposes of the HCTC, creditable coverage includes:

- A group health plan (including COBRA, Temporary Continuation of Coverage (TCC), or State continuation coverage)
- Health insurance coverage (including individual coverage, college or school insurance, or short-term limited duration insurance)

See also "Break in Coverage."

Displaced Worker - A worker who has been permanently laid off or has received a notice of termination or layoff from employment. Displaced workers who may be eligible for the HCTC became unemployed due to foreign competition and are receiving assistance through the TAA program.

EFT - Electronic Funds Transfer.

Eligible Individual for the HCTC - In general, any eligible TAA recipient, eligible alternative TAA recipient (ATAA), or an eligible PBGC pension recipient. Eligible recipients must have qualified health coverage and cannot have other specified coverage or be imprisoned. Review the page titled Eligibility under the Individuals section of the IRS website at www.irs.gov (IRS Keyword: HCTC) for more information on eligibility requirements.

Eligible Premium Amount - Covers health insurance not otherwise excepted. (For additional information, see "Excepted Premium Amount" below.)

Excepted (Ineligible) Premium Amount - Includes health insurance or other coverage options not paid for by the HCTC Program. By IRS standards, the following coverage does not qualify for the HCTC:

1. Coverage under a medical savings account, flexible spending account, or other similar arrangement
2. Any insurance if substantially all of the coverage is:
   a. Accident or disability income insurance (or a combination of the two)
   b. Liability insurance
   c. A supplement to liability insurance
   d. Workers' compensation or similar insurance

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e. Automobile medical payment insurance
f. Credit-only insurance
g. Coverage for on-site medical clinics
h. Limited scope dental or vision benefits
i. Benefits for long-term care, nursing home care, home health care, community-based care (or any combination)
j. Coverage only for a specified disease or illness
k. Hospital indemnity or other fixed indemnity insurance
l. Medicare supplemental insurance, or other similar supplemental insurance to an employer-sponsored group health plan

Form 8885 - See IRS Form 8885.

Form 1099-H - See IRS Form 1099-H.

GRI - General Registration Information Form.

Group Plan - Health coverage sponsored by an employer or employee organization (such as a union) for employees and their eligible dependents. The term "group health plan" is defined in §5000 (b)(1) of the Internal Revenue Code of 1986 as follows: a plan (including a self-insured plan) of, or contributed by, an employer (including a self-employed person) or employee organization to provide health care (directly or otherwise) to employees, former employees, the employer, other associated or formerly associated with the employer in a business relationship, or their families.

Guaranteed Issue - Qualifying individuals must be guaranteed enrollment to a HCTC state-qualified health plan regardless of their medical status and must be permitted to remain enrolled so long as they pay the premiums. In order to be considered a qualifying individual, the individual must either satisfy the following two requirements or be a qualifying family member of an eligible individual who satisfies the following two requirements:

- Have had at least three months of continuous creditable coverage prior to becoming eligible for the HCTC.
- Not have had a break in coverage of over 62 days immediately preceding the time that the individual applies for enrollment with the health plan.

HCTC - Health Coverage Tax Credit.

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Health Plan Administrator (HPA) - An entity that provides, or pays the cost of, medical care. Can include an insurance company, insurance service, or insurance organization (including an HMO) that is licensed to engage in the business of insurance in a state, and is subject to state law that regulates insurance.

HIPAA - Health Insurance Portability and Accountability Act of 1996.

HPA - Health Plan Administrator.

Ineligible Premium Amount - See Excepted (Ineligible) Premium Amount.

IRS - Internal Revenue Service.

IRS Form 8885 - Individuals eligible to claim the HCTC may complete and submit IRS Form 8885 with their federal tax return. The instructions for IRS Form 8885 provide guidance as to who can claim the HCTC. Individuals with questions about IRS Form 8885 may contact the IRS at 1-800-829-1040.

IRS Form 1099-H - IRS Form 1099-H provides the amount of advance tax credit an individual has received and the months during which it was received during a given tax year. This form is used to assist individuals in claiming the tax credit for months during which they were eligible but did not receive the advance credit. Participants should call the HCTC Customer Contact Center at 1-866-628-HCTC (1-866-628-4282) for information regarding this form.

National Emergency Grant (NEG) Bridge or Gap-filler Program - Federal grants available to states to assist eligible TAA and PBGC recipients by paying 65% of the eligible premiums for qualified health coverage until the advance HCTC payment mechanism for the tax credit becomes available. The grants may also be used to provide additional support services to eligible individuals. States apply to the U.S. Department of Labor for these grants.

Appendix

Non-group (individual) coverage - Individual coverage provided under a contract issued to one individual or family at a time, usually requiring evidence of insurability. In order to qualify for the HCTC with non-group (individual) coverage, participants must have been enrolled in the plan for at least 30 days before they were separated from the job that made them eligible for TAA, ATAA or PBGC benefits.

Option - Health coverage choices available to HCTC participants; generally refers to state-qualified health plans, COBRA, non-group (individual) or spousal coverage.

PAID - Payment Advice Internet Delivery system.

Pension Benefit Guaranty Corporation (PBGC) - The PBGC was created September 2, 1974 as a part of the "Employee Retirement Income Security Act (ERISA) of 1974." Title IV of ERISA applies to the PBGC. The PBGC is a quasi-government federal agency, which insures the pension benefits of working men and women. It does not cover or insure defined contribution plans, 401K, etc. Before a defined benefits pension plan can be cancelled, the PBGC must approve the cancellation.

A defined benefits pension plan that does not have enough money to pay benefits can be cancelled if the employer responsible for the plan faces severe financial difficulty, such as bankruptcy, and is unable to maintain the plan. The PBGC then pays pension benefits under the terms of the plan, subject to legal limits, to plan participants and beneficiaries.

PDR - Payment Detail Report.

Plan - A person's specific health benefits package or the organization that provides such a package. It may be an health maintenance organization (HMO), a preferred provider organization (PPO), a commercial insurance carrier or a company that self-insures.

Plan Administrator - Can include Health Plan Administrators (HPAs), third party administrators (TPAs), or an employer.

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Preexisting Condition Exclusion - Any medical condition, physical or mental, that an individual has before health coverage begins. The cause of the condition does not matter and could be the result of an accident or illness.

During a preexisting condition exclusion period, a group health plan may not pay for treatment related to a preexisting condition. However, it must pay for any unrelated treatments or conditions that the plan covers. Once the exclusion period is over, the health plan must pay for all covered services, including the ones for the preexisting condition.

Premium - The amount an individual pays in exchange for health coverage. An individual's employer may pay a portion of this amount.

Product - A health insurance category such as HMO, PPO, POS.

Qualified Health Plan - Eligible individuals must be enrolled in qualified health coverage in order to claim the HCTC. The following types of health plans are qualified for purposes of the HCTC Program:

- State-qualified health plan: consists of health plans the states have qualified for HCTC participants. The coverage must meet the legislative requirements set forth in the Trade Act of 2002.
- COBRA: This is continuation health insurance coverage provided under the federal Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985.
- Individual (non-group) health plan: must have been enrolled at least 30 days prior to the date the individual separated from the job that led to the receipt of or qualification for TAA, ATAA, or PBGC benefits.
- Spousal coverage: coverage under a group plan available through the employment of an eligible individual's spouse. This type of coverage, although allowable under the HCTC legislation, cannot be claimed for the monthly advance tax credit. As a result, HPAs will not receive HCTC payments for this coverage type.
  Exceptions: COBRA, state-based continuation coverage, or a special insurance program, which is entered into by the state and an employer, and is designed to qualify for the HCTC.

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Qualifying Family Member - Qualifying family members are:

- An HCTC-eligible individual's spouse
- An HCTC-eligible individual's dependents who can be claimed on the individual's federal tax return. Children of divorced or separated parents are treated as dependents of the custodial parent for the purposes of the HCTC. Non-custodial parents may not claim the credit even if they are entitled to claim the tax exemption for the child or carry the child's health insurance.

Family members are not eligible for the HCTC if they are:

- Enrolled in a health plan maintained by the participant —or the participant's spouse's current or former employer— that pays at least 50% of the cost of coverage. Any share of the family member's premium that is paid by the participant —or the participant's spouse— on a pre-tax basis is considered to have been paid by the employer and must be included as such when determining the percentage of employer coverage.
- Entitled to Medicare.
- Enrolled in the Federal Employees Health Benefits Program (FEHBP), Medicaid, or State Children's Health Insurance Program (SCHIP).
- Entitled to health coverage through the U.S. military health system (including CHAMPUS and TRICARE).

Spousal Coverage - Coverage under a group health plan that is available through the employment of the eligible person's spouse. In order for the plan to be qualified for the HCTC Program, the spouse's employer must contribute less than 50% of the total cost of coverage for the spouse, the HCTC eligible person, and any dependents. If the eligible individual qualifies for the HCTC under ATAA, the individual may claim the HCTC to pay for this type of coverage only if the employer does not pay for any portion of the cost of coverage. Exceptions: COBRA, state-based continuation coverage, or a special insurance program, which is entered into by the state and an employer and is designed to qualify for the HCTC.

State-Qualified Health Plan - Health plans that have been qualified by a state Department of Insurance (DOI) as meeting the requirements set forth in the Trade Act of 2002. A list of these plans will be submitted to the U.S. Department of the Treasury by the state DOI, and is available at www.irs.gov (IRS Keyword: HCTC).

Appendix

SWA - State Workforce Agencies are responsible for administering TAA and ATAA programs and for sending the HCTC Program the records of individuals who are potentially eligible for the HCTC.

TAA – See Trade Adjustment Assistance.

Third Party Administrator - A person or entity that manages health insurance for an organization, such as managing COBRA benefits for a company.

TIN - Taxpayer Identification Number. Either a Social Security Number (SSN) or an Employer Identification Number (EIN).

TPA – See Third Party Administrator.

Trade Adjustment Assistance (TAA) - A benefit for those workers who lose their jobs, or whose hours of work and wages are reduced as a result of increased imports. Worker groups must apply to the Department of Labor to have their employees certified as TAA-eligible. TAA includes a variety of benefits and re-employment services to help unemployed workers prepare for and obtain suitable employment. Workers can receive assistance in skills assessment, job search workshops, job development/ referral and job placement. In addition, workers may be eligible for training, job search allowance, relocation allowance, and other reemployment services. Weekly Trade Readjustment Allowance (TRA) may be payable to eligible workers following their exhaustion of unemployment benefits. Usually, TRA benefits will be paid only if an individual is enrolled in a TAA-approved training program.

Trade Adjustment Assistance Reform Act of 2002 - Additional information about this law can be found on the Department of Labor's website at www.doleta.gov.

Forms and Documents

Forms and Documents

The following forms are the ones most used by HPAs in working with the HCTC Program. They are:

- ACH Vendor/Miscellaneous Payment Enrollment Form
- HCTC General Registration Information Form
- HPA Return of Funds Form
- Administrative Changes Form

Also included for your reference is the Internal Revenue Service Authorization of Contractor and an HCTC HIPAA Statement and Disclaimer.

Contact your assigned HCTC Finance and Accounting Representative with any questions. If you are unsure of whom to contact, call the HCTC Customer Contact Center at 1-866-628-HCTC (4282), TDD/TTY 1-866-626-4282.

Form **3881** (September 2004)	Department of the Treasury — **Internal Revenue Service** **ACH VENDOR/MISCELLANEOUS PAYMENT ENROLLMENT FORM** *(See Instructions on Page 2)*	OMB No. 1510-0056

This form is used for Automated Clearing House (ACH) payments with an addendum record that contains payment-related information processed through the Direct Deposit Program. Recipients of these payments should bring this information to the attention of their financial institution when presenting this form for completion.

PAPERWORK REDUCTION ACT NOTICE. We ask for the information on this form to carry out the Internal Revenue laws of the United States. Your response is voluntary. You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by code section 6103. The estimated average time to complete this form is 15 minutes. If you have comments concerning the accuracy of this time estimate or suggestions for making this form simpler, we will be happy to hear from you. You can write to the Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, Washington, DC 20224.

PRIVACY ACT STATEMENT. The following information is provided to comply with the Privacy Act of 1974 (P.L. 93-579). All information collected on this form is required under the provisions of 31 U.S.C. 3322 and 31 CFR 210. This information will be used by the Treasury Department to transmit payment data, by electronic means to vendor's financial institution. Failure to provide the required information may delay or prevent the receipt of payments through the Automated Clearing House Payment System.

1. AGENCY INFORMATION

FEDERAL PROGRAM AGENCY:

INTERNAL REVENUE SERVICE (HCTC)

AGENCY IDENTIFIER:	AGENCY LOCATION CODE (ALC):	ACH FORMAT:
KC99	**20090004**	**CCD+**

ADDRESS:

BECKLEY FINANCE CENTER
P.O. BOX 9002
BECKLEY, WV 25802-9002

CONTACT PERSON NAME:	TELEPHONE NUMBER:	FAX NUMBER:
VENDOR CODE COORDINATORS	**(304) 256-6000**	**(304) 256-6033**

2. PAYEE/COMPANY INFORMATION

NAME:	SSN OR TAXPAYER ID NUMBER:

ADDRESS:

CONTACT PERSON NAME:	TELEPHONE NUMBER:

3. FINANCIAL INSTITUTION INFORMATION

NAME:

ADDRESS *(optional)*:

CONTACT AT FINANCIAL INSTITUTION *(optional)*:	TELEPHONE NUMBER:

NINE-DIGIT ROUTING TRANSIT NUMBER

DEPOSITOR ACCOUNT NUMBER

TYPE OF ACCOUNT

☐ CHECKING ☐ SAVINGS

SIGNATURE AND TITLE OF AUTHORIZED OFFICIAL	TELEPHONE NUMBER:

Instructions for Completing Automated Clearing House (ACH) Vendor/Miscellaneous Payment Enrollment Form

The ACH Vendor/Miscellaneous Payment Enrollment Form is a standard form used by the Internal Revenue Service to establish Automated Clearing House (ACH) payments, also referred to as Electronic Funds Transfers (EFTs).

1. **AGENCY INFORMATION SECTION –** Contains the name and address of the Federal program agency originating the vendor/miscellaneous payment, agency identifier, agency location code, contact person name and telephone number of the agency and the ACH format.

2. **PAYEE/COMPANY INFORMATION SECTION –** Print or type the name of the payee/company and address that will manage ACH vendor/miscellaneous payments, social security or taxpayer ID number (may also be referred to as the employer identification number), contact person and telephone number of the payee/company. Payee also verifies depositor account number and type of account entered by your financial institution in the Financial Institution Information Section.

3. **FINANCIAL INSTITUTION INFORMATION SECTION –** Print or type the name and address of the payee/company's financial institution that will receive the ACH payment, ACH coordinator name and telephone number, nine-digit routing transit number, depositor (payee/company) account number and type of account. Signature, title, and telephone number of the appropriate financial institution official is included.

   Note: If the designated Payee/Company contact person knows all of the requested bank information, the Payee/Company contact may complete the Financial Institution Information Section. There is no requirement for a bank official signature.

Burden Estimate Statement

The estimated average burden associated with this collection of information is 15 minutes per respondent or record keeper, depending on individual circumstances. Comments concerning the accuracy of this burden estimate and suggestions for reducing this burden should be directed to the Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave., NW, Washington, DC 20224 or the Office of Management and Budget, Paperwork Reduction Project (1510-0056), Washington, DC 20503.

Fax the ACH Vendor/Miscellaneous Form to:

Internal Revenue Service
HCTC Finance and Accounting Center
Attn: Systems Control Team
Fax Number: 1-800-675-9602

Form **13562**
(September 2004)

Department of the Treasury — **Internal Revenue Service**

HEALTH COVERAGE TAX CREDIT (HCTC) GENERAL REGISTRATION INFORMATION FORM

(See Instructions on Page 2)

The HCTC General Registration Information Form is a standard form used by the HCTC Program to collect required information in addition to the U.S. Department of the Treasury's ACH Vendor/Miscellaneous Payment Enrollment

(*) Denotes a required field (#x.) Indicates corresponding explanations on prior page

*1. ADDITIONAL COMPANY INFORMATION

*1a. LEGAL NAME:

*1b. LEGAL ADDRESS:

*1c. EIN/TIN (ASSOCIATED WITH LEGAL NAME):	1d. D-U-N-S:	1e. D-U-N-S +4:

*1f. INVOICE REMIT TO ADDRESS:

ATTN:

1g. HPA CONTACT NAME:

1h. HPA CONTACT MAILING ADDRESS:

HPA CONTACT TELEPHONE NUMBER:	HPA CONTACT FAX NUMBER:	HPA CONTACT EMAIL:

Are you licensed to operate in any states? If so, which states?

*2. PAYMENT REMITTANCE ADVICE CONTACT

NAME:

ADDRESS:

TELEPHONE NUMBER:	FAX NUMBER:	E-MAIL:

*3. SIGN-OFF BY AUTHORIZED OFFICIAL

SIGNATURE:	PRINT/TYPE NAME:
DATE:	TITLE:

Instructions for Completing Health Coverage Tax Credit (HCTC) General Registration Information Form

The HCTC General Registration Information Form is a standard form used by the HCTC Program to collect required information in addition to the Treasury Department's ACH Vendor/Miscellaneous Enrollment Form.

1. **ADDITIONAL COMPANY INFORMATION SECTION –** Print or type the name and address of the enrolling company, EIN/TIN number, D-U-N-S Number (if applicable), D-U-N-S+4 (if applicable), invoice remit to address, and contact information for the HPA contact.

   a. *Legal Name*: Must be the same as the name indicated on the Payee/Company Information field of the ACH Vendor/Miscellaneous Payment Enrollment Form.

   b. *Legal Address*: Must be the same as the address indicated on the Payee/Company Information field of the ACH Vendor/Miscellaneous Payment Enrollment Form.

   c. *EIN/TIN (Employer Identification Number/Taxpayer Identification Number)*: The EIN/TIN provided must be the EIN/TIN associated with the Legal Name of the business. The information provided in this field should also be the same information provided on the Automated Clearing House (ACH) Form in the "SSN or Taxpayer ID Number" field.

   d. *D-U-N-S (Data Universal Numbering System)*: If your business has a D-U-N-S number, please provide this information. Providing a D-U-N-S Number is optional.

   e. *D-U-N-S +4 (Data Universal Numbering System Plus 4)*: The use of D-U-N-S +4 numbers to identify vendors is limited to identifying different CCR records for the same vendor at the same physical location. For example, a vendor could have two records for themselves at the same physical location to identify two separate bank accounts. If you have questions regarding the use of D-U-N-S +4 please contact the CCR Assistance Center at 1-888-227-2423. HPAs wishing to register their subsidiaries and other entities should ensure that each additional location obtains a separate D-U-N-S number from D&B at 1-866-705-5711.

      If your business has determined that D-U-N-S +4 is necessary, please provide the bank account number, routing number, and remit to address associated with the D-U-N-S +4 Number. If your business has determined that more than one D-U-N-S +4 is necessary, please make a copy of this form and provide the additional D-U-N-S +4, bank account number, routing number, and remit to address. For questions regarding the use of D-U-N-S +4, please contact the CCR Assistance Center at 1-888-227-2423.

   f. *Invoice Remit To Address*: The invoice remit to address appears on invoices and is associated with the bank account holder. If there are multiple remit to addresses, please provide those on a separate sheet.

   g. *HPA (Health Plan Administrator) Contact Name*: The company representative whom the IRS HCTC Finance and Accounting representative should work with on HCTC related matters.

   h. *HPA Contact Mailing Address*: The mailing address for the individual identified in field (g). The HPA Contact Mailing Address could also be the same as the Legal Address in field (b). If this is the case, please indicate as such.

2. **PAYMENT REMITTANCE ADVICE CONTACT SECTION –** Should contain the contact information for the person who will receive the payment remittance advice. If any of the information is the same as the HPA Contact, please indicate as such.

3. **SIGN-OFF BY AUTHORIZED OFFICIAL SECTION –** Signed by the individual who is authorized by their company to provide the information requested on the form. Print or type the name of the individual, title, and the current date.

Fax the HCTC General Registration Information Form to:

HCTC Finance and Accounting Center
Attn: Systems Control Team
Fax Number: 1-800-675-9602

Form **13560** September 2004	Department of the Treasury – **Internal Revenue Service** **Health Plan Administrator (HPA)** **Return of Funds Form**	OMB No. **1545-1891**

Instructions for Returning Funds

- Contact your Finance & Accounting Representative and inform them of the pending return.
- Complete the HPA Return of Funds Form, and include it with your payment. This form MUST accompany all returned funds, in order to ensure proper handling. If your organization uses a similar form that provides ALL information requested below, submission of your internal document in lieu of this form is acceptable.
- Return funds using one of the following applicable options:
  - **Reversal of an EFT transaction**:
    Notify your bank that you wish to reject the EFT, and request that they reverse the transaction to the US Department of Treasury. Complete this form and FAX to:
    Internal Revenue Service
    HCTC Finance & Accounting Center
    Attn: General Accounting & Reporting
    FAX #: (800) 675-9602
  - **Return a US Department of Treasury issued check:**
    Complete this form, attach check, and MAIL to:
    Internal Revenue Service
    Beckley Finance Center
    PO Box 9002
    Beckley WV 25802-9002
  - **Send an HPA issued check:**
    Make check payable to US Treasury, and reference "Account 100000000" in the memo field.
    Complete this form, attach check, and MAIL to:
    US Treasury – HCTC
    PO Box 970023
    St Louis MO 63197

You can return funds for multiple individuals by using one of the following options: (1) Send a separate check and separate HPA Return of Funds Form, or internal document, for each individual, or, (2) Send one check as a bulk payment, and attach a detailed list that defines how the bulk payment should be allocated. This list *MUST* include all information requested on the HPA Return of Funds Form, for each individual, for whom you are returning funds.

RETURNED FUNDS DETAIL:

Please complete all sections below. Mark N/A, where applicable; spell the month name out. Use additional forms, if necessary. Medical Amount = Premium amount returned for major medical coverage. Other Amount = Premium amount returned for vision, dental, riders, or other coverage paid outside the major medical premium amount each month.

Insured Name:_____SSN:_____Plan/Group ID:_____

Date Coverage Ended:_____Reason for Termination:_____

Premium Months Returned:_____Total Amount Returned: _____

Month 1: _____	Month 2: _____	Month 3: _____
# of Days: _____	# of Days: _____	# of Days: _____
Medical Amt: _____	Medical Amt: _____	Medical Amt: _____
Other Amt: _____	Other Amt: _____	Other Amt: _____
Total: _____	Total: _____	Total: _____

PAPERWORK REDUCTION ACT NOTICE. We ask for the information on this form to carry out the Internal Revenue laws of the United States. Your response is voluntary. You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by code section 6103. The estimated average time to complete this form is 15 minutes. If you have comments concerning the accuracy of this time estimate or suggestions for making this form simpler, we will be happy to hear from you. You can write to the Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, Washington, DC 20224.
PRIVACY ACT STATEMENT. The following information is provided to comply with the Privacy Act of 1974 (P.L.93-579). All information collected on this form is required under the provisions of 31 U.S.C. 3322 and 31 CFR 210. This information will be used by the Treasury Department to transmit payment data, by electronic means to vendor's financial institution. Failure to provide the requested information may delay or prevent the receipt of payments through the Automated Clearing House Payment System.

HCTC | Health Coverage Tax Credit
Federal • State • Private Industry

HEALTH COVERAGE TAX CREDIT (HCTC) ADMINISTRATIVE CHANGES FORM

Use this form to submit changes to information currently on file with HCTC. Fax the completed form to (800) 675-9602 *at least 30 days prior to the effective date*.

COMPANY INFORMATION		
Legal Name:	EIN/TIN (Associated with Legal Name):	HPA Telephone Number:
Legal Address:	HPA FAX Number:	HPA Email Address:
HPA Contact Name:	HPA Contact Mailing Address: Attention:	Other:
PAYMENT/REMITTANCE ADVICE CONTACT INFORMATION		
Name:	Telephone Number:	FAX Number:
Address: Attention:	Email Address:	Other:
FINANCIAL INSTITUTION INFORMATION		
Financial Institution's Name:	Bank Account Type (checking or savings):	Telephone Number (optional):
Address (optional)	Nine Digit ABA Routing Number:	Bank Account Number:

SIGNATURE OF AUTHORIZED OFFICIAL	
Signature:	Printed/Typed Name:
Title:	Date:

Appendix

Internal Revenue Service (IRS) Authorization of Contractor

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
ATLANTA, GA 30308

July 20, 2004

RE: IRS Authorization of Accenture as Agent

To Whom It May Concern:

The Department of the Treasury has directed the Internal Revenue Service (IRS) to implement and administer the Health Coverage Tax Credit (HCTC) Program. This program allows individuals impacted by the Federal Trade Act of 2002, or individuals who are receiving benefit payments from the Pension Benefit Guaranty Corporation (PBGC), to receive an advance tax credit on a monthly basis in the form of a payment to their insurance providers. Sections 201 and 202 of the Trade Act of 2002 created the credit and the advance payment component. The credit can be as much as 65% of an individual's qualified monthly health insurance premium, and can make the difference between an individual retaining and losing health care coverage.

In order to administer advance payment of the tax credit, the IRS may request your cooperation as a health plan administrator to supply us with some key information. This information allows us to make timely HCTC-qualified premium payments on behalf of eligible individuals directly to you. The IRS retained Accenture as its agent in implementing the HCTC Program. We request you provide Accenture the information required to allow individuals under your coverage to benefit from the advance tax credit program.

The IRS will maintain the information about individuals who may be eligible for the HCTC Program, including information provided by you, in a system of records, subject to the Privacy Act and the IRS tax information and confidentially statute (26 U.S.C. § 6103). By contract with the IRS, Accenture must comply with the terms of the Privacy Act and 26 U.S.C. § 6103. This means Accenture will treat as confidential, the information it obtains about individuals who may be eligible for the HCTC Program. Accenture will disclose such information only as allowed by law and only to the extent necessary to administer the HCTC Program.

The IRS monitors the performance of Accenture to ensure confidential information about individuals and companies is protected from unauthorized disclosure.

Accenture may ask you for the information or assistance in the following situations:

1. The HCTC Program may need clarification on health insurance premium invoices for people who are eligible for the tax credit. As part of the registration process, the HCTC Program asks individuals to provide a copy of their premium invoice. If invoice clarification is necessary, the HCTC Program may need to contact you. This information may include, but is not limited to, your members' Social Security Numbers.

2. The HCTC Program provides state-qualified plan information to HCTC-eligible individuals. This information is limited to your contact telephone number, mailing address for inquiries, and if available, a website address. This information will be posted on the IRS website and shared by our customer service representatives with callers.

Appendix

Internal Revenue Service (IRS) Authorization of Contractor (cont.)

3. To receive premium payments for HCTC Program participants who are your customers, please enroll with the HCTC Program. This can be accomplished by completing the following steps:
    a. Sign up to receive payment by Electronic Funds Transfer (EFT) by completing the Automated Clearing House (ACH) Vendor/Miscellaneous Payment Enrollment Form and the General Registration Information (GRI) Form. Making electronic payments ensures timely, accurate payments and reduces the risk of payments being misdirected within the HPA's organization.
    b. Provide the following to the HCTC Finance & Accounting Center:
        i. Employee Identification Number (EIN)
        ii. Bank account number and bank account routing information
        iii. Sample of a participant invoice

Additional information about the HCTC Program, including the HCTC HIPAA statement, is available online at www.irs.gov, IRS keyword "HCTC." You can also call the HCTC Customer Contact Center at 1-800-628-HCTC (1-800-628-4282).

Thank you for your cooperation in this matter. If you have any questions, please contact me at (202) 962-0763.

Sincerely,

Keith V. Taylor
Director, Health Coverage Tax Credit Program

Appendix

HCTC Program HIPAA Statement and Disclaimer

Purpose of the Health Coverage Tax Credit (HCTC)

The HCTC Program is an administrative component of the Internal Revenue Service (IRS), established pursuant to the authority granted to the Secretary of the U.S. Department of the Treasury under I.R.C. §§ 35 & 7527. The primary function of the HCTC Program is to assist eligible individuals in paying for their health care insurance costs. The HCTC is an advance as well as year-end tax credit covering 65% of the eligible premium for eligible individuals to obtain qualified health insurance coverage. The individual is responsible for 35% of the premium. Eligible individuals are comprised of two main groups: (1) displaced workers receiving Trade Adjustment Assistance (TAA) benefits, and (2) Pension Benefit Guaranty Corporation (PBGC) pension recipients aged 55 and over.

The HCTC Program involves a considerable number of federal agencies, state workforce agencies, state insurance agencies, employers and third party administrators, Health Plan Administrators (HPAs), and contractors. Federal agency participants include the Financial Management Service (FMS), Department of Health and Human Services, Department of Labor, and PBGC. Several private contractors including Accenture, U.S. Bank, and others have been retained by the IRS and FMS to assist the Federal Government in its implementation of the HCTC Program. Each entity is involved in providing others with information concerning the HCTC, such as individuals' eligibility, premium amount, plan, and payment certification.

How the HCTC Program Obtains and Uses Data

In order to operate, the HCTC Program receives data on a routine basis from state workforce agencies (SWA) containing lists of Trade Adjustment Assistance (TAA) and Alternative TAA (ATAA) eligible individuals. It also receives similar data from the Pension Benefit Guaranty Corporation (PBGC) for HCTC-eligible participants. Additional information is collected by the HCTC Program from eligible individuals and HPAs. The information requested and collected is the minimum necessary to administer the HCTC Program. Administering the Program includes, but is not limited to, processing and sending premium payments to HPAs on behalf of registered individuals in the HCTC Program. Generally, the HCTC Program gathers name, address, date of birth, tax ID number, insurance company name and policy number, member ID, type of insurance, premiums paid, and other information contained in the payment voucher or Consolidated Omnibus Budget Reconciliation Act (COBRA) election letter submitted by the eligible individual.

Appendix

HCTC's HIPAA Covered Entity Status

Members of the HCTC Program team met separately with Department of Health and Human Services representatives at both the Office of Civil Rights (OCR) and the Centers for Medicare and Medicaid Services (CMS) to discuss the role that the HCTC has in complying with the new Health Insurance Portability and Accountability Act (HIPAA) Administrative Simplification rules. OCR is responsible for implementing and enforcing the HIPAA privacy rule. CMS is responsible for implementing and enforcing the security standards, transactions standards, and other HIPAA administrative simplification provisions, except for the privacy standards.

After careful consultation with both offices early in 2003, it was determined that the HCTC Program is not a "covered entity" under the Administrative Simplification rules of HIPAA. Therefore, HCTC is not bound by the HIPAA rules regarding privacy, security, transactions and code sets, and individual identifiers.

Specifically, the HCTC Program does not meet the HIPAA definition of a covered entity: health plan, health care clearinghouse, and/or health care provider who transmits any health information in electronic form concerning a standard "transaction." The HCTC Program is not considered a business associate to HPAs participating in the program, nor are HPAs acting as business associates to the HCTC Program. By definition, the HCTC Program is acting on its own behalf and currently does not act as an entity performing a function for or assisting health plans with a function or activity involving the use or disclosure of individually identifiable health information.

Transactions and Communications with the HCTC Program

HIPAA permits HPAs to communicate eligibility and payment information as part of its treatment, payment, and health care operations.* The disclosures of this information to the HCTC Program are necessary for payment purposes. As such, they do not require an authorization from the individual, nor do they require HPAs to maintain an accounting of these disclosures.** This statement does not preclude the reciprocal communication between Health Plan Administrators and the HCTC Program regarding eligibility status (active and inactive) and processing of premium payments. For instance, the HCTC Program needs data from HPAs that indicates which individuals are no longer enrolled with them so that the office can update its systems and withhold payments for that individual. If the HCTC Program requires protected information from a covered entity as those terms are defined under HIPAA Privacy Rules, the program office will work directly with the covered entity to assure that any information released satisfies the minimum necessary standard under HIPAA.***

Appendix

HPAs should be assured that although the HCTC Program is not technically a covered entity, it has agreed to treat all information exchanges between its program office and HPAs or other coverage providers regarding individual information in a manner that complies with applicable federal privacy and security standards. The HCTC Program office is required by I.R.C. § 6103 to ensure that all taxpayer information is kept private and secure. Information pertaining to participants that is received by the HCTC Program office from coverage providers is not disclosed to any outside party nor used for any purpose inconsistent with I.R.C. § 6103.

When the advance tax credit program was implemented on August 1, 2003, the HCTC Program office was not able to support HIPAA EDI transactions. This includes Premium Payment (820), Benefit Enrollment and Maintenance (834) and Eligibility Inquiry and Response (270/271) transactions. The decision not to support these transaction types was made due to the unlikely early adoption by stakeholders of the HIPAA transaction formats by August 1, 2003. (The compliance date for HIPAA Transactions and Code Sets was October 16, 2003.) Our current approach is to eventually interact with our stakeholders in a HIPAA-compliant fashion. HPAs should be assured that the HCTC Program is implementing processes and transactions that are standard in the industry.

As the Program evolves, we will continue to monitor and evaluate the HCTC Program HIPAA status. We will update this statement should our status regarding HIPAA change.

Officials from IRS have reviewed and approved this statement. IRS officials have also consulted with HHS regarding this statement. All parties have agreed that these assurances are consistent with HCTC Program objectives.

Footnotes:

* The information in this section is referenced from the HIPAA Privacy Rule. Refer to section 164.501 for the definition of health care operations and payment, and section 164.506 for information regarding uses and disclosures to carry out treatment, payment or health care operations.

** See sections 164.506 and 164.528 (a) of the HIPAA Privacy Rule.

*** See sections 164.502(b) and 164.514(d) of the HIPAA Privacy Rule.