HCTC

Health Coverage Tax Credit

Health Plan Administrator Operations Guide

Internal Revenue Service

Executive Summary

This Guide is designed as a comprehensive reference tool to help Health Plan Administrators (HPAs) understand the IRS Health Coverage Tax Credit (HCTC) Program, including the enrollment process and HPA responsibilities while enrolled. 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 family members. Eligible individuals may receive the monthly HCTC to help pay for health plan premiums as they become due, or the yearly HCTC on their 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 in order to receive payments from the HCTC Program. The third step is optional.

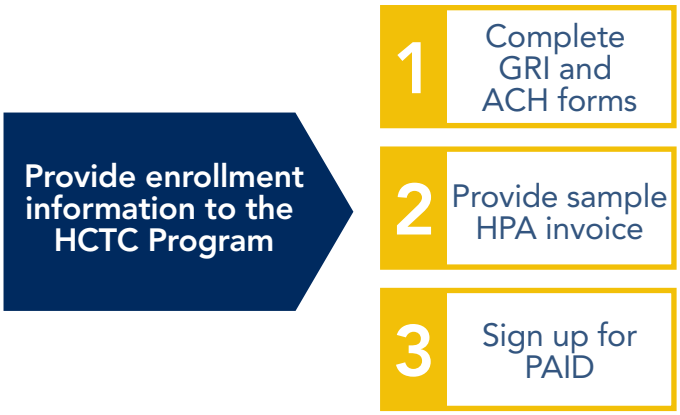


Figure 1: HPA Enrollment Steps

Executive Summary

HPA Responsibilities

As part of your participation in the HCTC Program, it is necessary that you provide accurate and timely updates including, but not limited to, changes to banking information (routing number, bank account number, etc.), and changes to your organization.

Appendix

The Appendix of this Guide includes:

- Answers to some of the most frequently asked questions HPAs ask about the HCTC
- A glossary of terms
- 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 (Keyword/Search: HCTC), or contact your assigned HCTC Finance & Accounting Representative. If you are unsure of whom to contact, call the HCTC Customer Contact Center at 1-866-628-HCTC (4282). If you have a hearing impairment, call 1-866-626-4282 (TTY).

Table of Contents

Overview 1
- HCTC Background 1
- HCTC Eligible Individuals 1
- Claiming the Tax Credit 1
- Qualifying Health Coverage 2

How the HCTC Program Works 4
- Monthly HCTC Process 4
- Yearly HCTC Process 10

How to Enroll 11
- Step 1 – Sign up for Electronic Funds Transfer (EFT) 11
- Step 2 – Provide Sample Invoice 12
- Step 3 – Sign up for Payment Advice Internet Delivery (PAID) 13

HPA Responsibilities 15
- Returning Funds to the HCTC Program 15
- Submitting Bulk Premium Changes 16
- Changes to State-Qualified Health Plans 19
- Updating Bank Information 19
- Other Situations 19

Appendix 23
- Quick Facts 23
- Top 10 Frequently Asked Questions 24
- Glossary 26
- Forms and Documents 33

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 65% of a qualified health plan premium for eligible individuals and their family members. Individuals can either receive the HCTC as their monthly health plan premium becomes due or as a credit on their federal tax return.

Only certain kinds of 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 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)

Additionally, individuals that receive these benefits must meet some general requirements and have a qualified health plan to be considered eligible for the HCTC.

Claiming the Tax Credit

Eligible individuals can receive the monthly HCTC to help pay for qualified health plan premiums as they become due or the yearly HCTC on their federal tax return. The monthly HCTC 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 monthly HCTC 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.

Overview

Qualifying Health Coverage

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

- **COBRA** 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 monthly HCTC 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 plans** where coverage 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** under a group plan available through the employer of an eligible individual's spouse. This type of coverage, although allowable under the HCTC legislation, does not qualify for participation in the monthly HCTC program unless it is also COBRA.
- **State-qualified health coverage** 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 (Keyword/Search: HCTC).

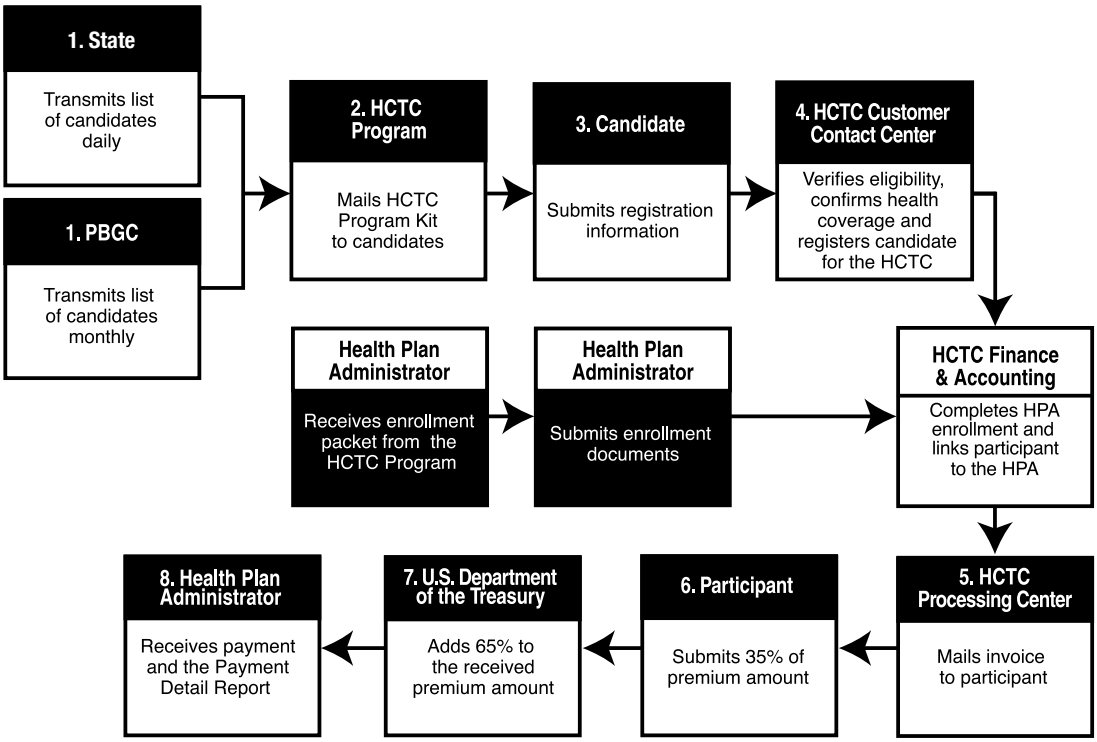
Low customer turnover. Often, state-qualified health coverage is the only qualified coverage available to HCTC candidates. State-qualified plans have the earliest and longest exposure to the eligible population. Contact your state's Department of Insurance to find out more about offering a state-qualified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

How the HCTC Program Works

Monthly HCTC Process

The diagram below shows a simplified schematic of how the monthly HCTC Program works. The details of the program follow.

Figure 2: Monthly 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. States (via their unemployment/workforce agency) provide daily transmissions, and the Pension Benefit Guaranty Corporation (PBGC) provides monthly transmissions.

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

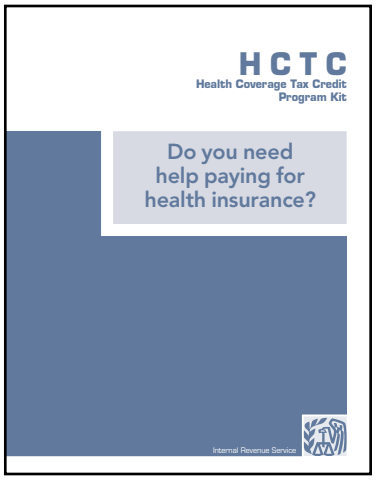


Figure 3: HCTC Program Kit Cover

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 monthly 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 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 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 and dental or non-qualified family members)
- 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
- A Notice of Rights to Continue Coverage with proof of payment that matches the invoice amount

Candidates with a non-group/individual health plan must provide documentation that shows 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.

Premium Amounts That Do Not Qualify For The HCTC

As defined in the Trade Act of 2002, certain premium amounts 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

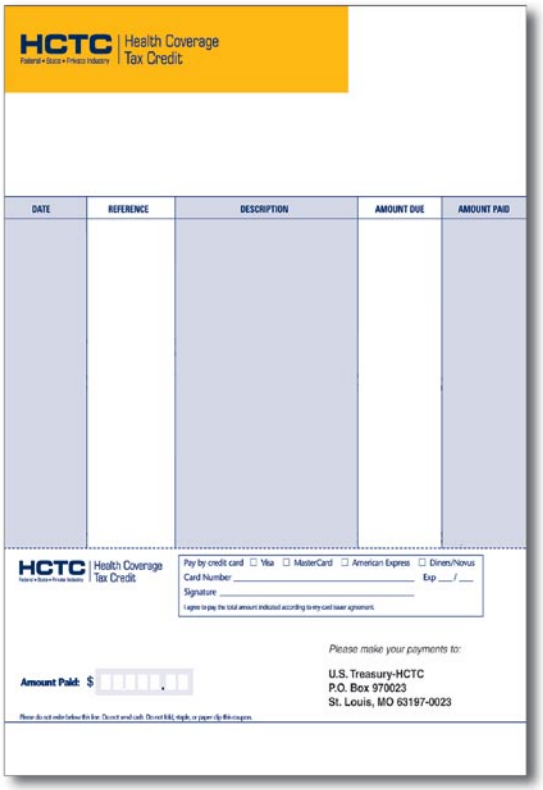
i. Benefits for long-term care, nursing home care, home health care, community-based care (or any combination)
j. Coverage only for a specified disease or illness
k. Hospital indemnity or other fixed indemnity insurance
l. Medicare supplemental insurance, or other similar supplemental insurance to an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

The HCTC Program is authorized by law to pay 65% of eligible premium amounts only. Individuals may also remit payment for premium amounts that do not qualify for the HCTC Program if they are billed on the same invoice. In this situation, a participant makes a payment to the HCTC Program and sends 100% of the amount that does not qualify for the HCTC 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 with their HPA before making payments to the HCTC Program, because the HCTC Program is not responsible for any past due balances.
   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 the HPA.

Figure 4: Sample HCTC Invoice


HCTC | Health Coverage Tax Credit

DATE	REFERENCE	DESCRIPTION	AMOUNT DUE	AMOUNT PAID

HCTC | Health Coverage Tax Credit

Pay by credit card ☐ Visa ☐ MasterCard ☐ American Express ☐ Diners/Novus
Card Number: _____ Exp ___/___
Signature _____
I agree to pay the total amount indicated according to my card issuer agreement.

Amount Paid: $

Please make your payments to:
U.S. Treasury-HCTC
P.O. Box 970023
St. Louis, MO 63197-0023

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 makes payments directly to designated HPAs.

Facts About Payments

- Payments are made by the Financial Management Service (FMS), an agency 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 generally makes payments for the next month's coverage.

Summary of HCTC Monthly Payments

Individuals who received the monthly HCTC for any months, or portions of months, will receive IRS Form 1099-H. This form indicates the amount of the monthly HCTC that was paid towards the qualified health plan premiums for the months in which the individual participated in the monthly HCTC Program. HPAs are not required to file Form 1099-H with the IRS; the HCTC Program files these forms.

Figure 5: Sample 1099-H

☐ CORRECTED (if checked)

ISSUER'S/PROVIDER'S name, street address, city, state, ZIP code, and telephone no.		1 Amount of HCTC advance payments $	OMB No. 1545-1813 2007 Form 1099-H	Health Coverage Tax Credit (HCTC) Advance Payments
		2 No. of mos. HCTC advance payments received		
ISSUER'S/PROVIDER'S federal identification no.	RECIPIENT'S identification number	3 Jan. $	9 July $	Copy B For Recipient This is important tax information and is being furnished to the Internal Revenue Service.
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. $	

Form **1099-H** (keep for your records) Department of the Treasury - Internal Revenue Service

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 processing date.

Figure 6: Sample Payment Detail Report

IRS1
U.S.A.
Company code: IRS1

Payment Proposal List for Proposal run 09/05/2003 VENDR
Identification Code HCP Detail Listing

09/08/2003 / 18:01:33
User: GRMART
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 an 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 electronic HCTC payments. HPAs must register for this service in order to use it.

How the HCTC Program Works

Yearly HCTC Process

Individuals can receive the yearly HCTC on their federal tax return for all months that they were eligible, and did not receive the monthly HCTC. When individuals receive the yearly HCTC on their federal tax return, they are required to:

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

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:

- Name of policyholder
- Name and phone number of health plan
- Monthly premium amount and/or breakout
- Monthly premium due date
- Dates of coverage
- Health plan identification number(s)
- HPA address for mailing payments

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 receiving the yearly HCTC on their federal tax return, completing IRS Form 8885, or other tax questions to visit www.irs.gov (Keyword/Search: 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 & Accounting Representative. If you are unsure of whom to contact, contact the HCTC Customer Contact Center at 1-866-628-HCTC (4282).

Step 1

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 your HCTC Finance & Accounting representative. 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 your HCTC Finance & Accounting representative. 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 for the 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

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/Individual HPAs

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

- Participant SSN
- Health plan ID number, Member ID, Group ID, or Policy or Plan 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
- Health plan ID number, Member ID, Group ID, or Policy or Plan ID

How to Enroll

Step 3

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 FMS, an agency of the 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 could 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 an 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.

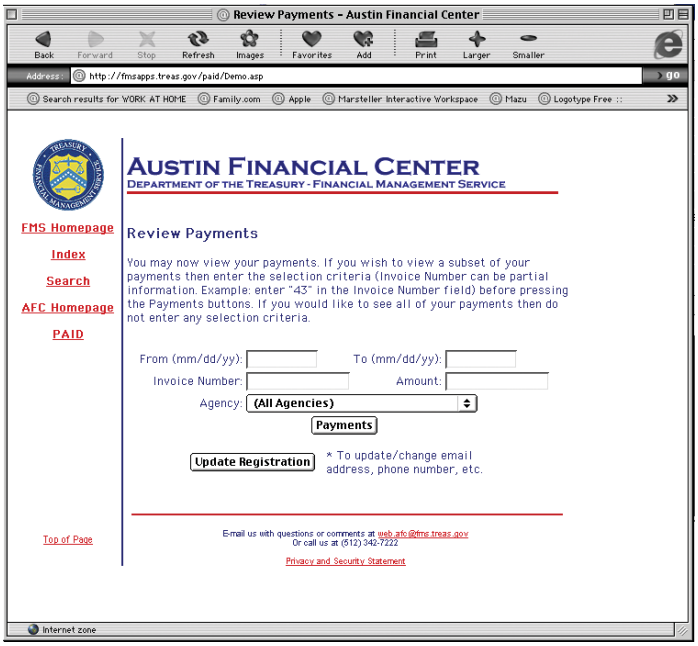


Figure 7: PAID Registration Screen

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.

HPA Responsibilities

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, but are not limited to:

- Member's coverage ended or was cancelled
- Member's premium amount changed
- Member changed HPAs
- Member no longer eligible for the HCTC
- Member became entitled to Medicare
- Incorrect HPA was paid

Prior to returning funds to the HCTC Program, contact your HCTC Finance & Accounting representative. Once you have alerted your representative to the pending returned funds, complete the Return of Funds Form, found in the Appendix of this Guide. In the form, the HPA must include:

- Member 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 individual's account)
- Calculation of returned funds amount

Include a copy of the Return of Funds Form with the returned funds. Fax a copy of the Return of Funds Form to your HCTC Finance & Accounting representative at the following:

Internal Revenue Service
HCTC Finance & Accounting Center
Attn: Your Finance & Accounting Representative
Fax Number: 1-800-675-9602

If you only will return funds to your health plan enrollees and not to the HCTC Program, you should still notify your Finance & Accounting representative of the funds you return directly to an enrollee who is a monthly HCTC participant.

HPA Responsibilities

Submitting Bulk Premium Changes

Follow the instructions under 'Steps for Submitting a Change' when submitting bulk premium changes to the HCTC Program. Following these instructions will help the HCTC Program minimize delays, and errors, when issuing payments.

Steps for Submitting a Change

1. *Notify Your Members*

   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 assists its participants with their health coverage premium payments, it does not assume responsibility for communicating any health plan policy, premium, or administrative changes to its participants.

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 official company letterhead.
   - The text of the letter must specifically reference the title of the spreadsheet and date on the spreadsheet.

HPA Responsibilities

Spreadsheet Requirements:

- Spreadsheets must be submitted in Microsoft Excel format (.xls or .csv). If the specific requirements for the spreadsheet are not met, the HCTC Program may not be able to utilize the document and the changes will not be made.

- The title of the spreadsheet cannot exceed 20 characters and should be as descriptive as possible. (For example: "HPA Name 07 Premiums")

- Column Format
  - Column A: Member Name – last name, first name, middle initial
  - Column B: * Policy Holder's SSN – nine characters without spaces or delimiters
  - Column C: * New Premium Amt (do not round; provide actual dollars and cents)
  - Column D: * OT (Verified Total Exception) - portion of the new premium amount for dental or vision coverage, coverage of non-qualified family members, etc. (do not round; provide actual dollars and cents)
  - Column E: Group ID – without spaces or delimiters
  - Column F: Member ID – without spaces or delimiters
  - Column G: Policy ID - without spaces or delimiters
  - Column H: # of People Insured – number of insured on policy, including member

* Indicates Required Field

A	B	C	D	E	F	G	H
Member Name	* Policy Holder's SSN	* New Premium Amt	* OT (Verified Total Exception)	Group ID	Member ID	Policy ID	# of People Insured

Figure 8: Format for Premium Changes Spreadsheet

HPA Responsibilities

3. Submit Spreadsheet

Submit the cover letter and spreadsheet to the HCTC Program during the first week of the month *prior* to the effective date of the change. Doing so will allow the HCTC Program to make the necessary systemic changes before mailing invoices to HCTC participants.

The HCTC Program will accept changes submitted any time during the month. However, if not submitted as directed above, your changes might not be reflected in HCTC payments and/or payment reports until the following month, which may result in a short pay or an over payment situation. For example, if you submit a spreadsheet to the HCTC Program in the middle of April for a May premium change, the HCTC Program will not be able to adjust its invoices for May premiums in time. The premium change would go into effect during the June payment cycle.

Submit the cover letter and spreadsheet via encrypted email. When using email, the HCTC Program requires that you use a secure method of transmission in order to limit access to the information contained within the spreadsheet.

- **When emailing**, use a secure method of transmission. Send to the attention of 'Payment Processing' at hctc.program@irs.gov. If you are unable to email the changes or have questions, contact your assigned Finance & Accounting representative.

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

HPA Responsibilities

In summary, when a Health Plan Administrator requests that the HCTC Program make a change to 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 Plans

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 & Accounting representative, visit www.irs.gov (Keyword/Search: 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 & Accounting Center
Attn: Your Finance & Accounting Representative
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 & Accounting Representative to help mitigate any potential payment routing difficulties.

HPA Responsibilities

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 contact the HCTC Customer Contact Center requesting qualified health plan options of this additional coverage option. The Program will also post this information to the IRS website at www.irs.gov (Keyword/Search: HCTC).

Participant Changing State-Qualified Plans

In states that have more than one state-qualified plan, participants can 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 with their HPA, 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 an HCTC Registration Update Form at least 30 days prior to the end of their COBRA coverage period. With the HCTC Registration Update Form, participants must attach a copy of their new HPA's invoice. The participant will be re-registered and mailed an HCTC invoice upon receipt of the completed form and attachments.

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 sufficient 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 their payment, and therefore no payment was sent to the HPA. The individual will be instructed to make a 100% payment directly to the HPA for that month.

If the participant is still eligible, they will receive an HCTC invoice the following month. This invoice will not reflect the amount the participant failed to pay the previous month. Participants can receive the yearly HCTC on their federal income tax return for any HCTC eligible months that they paid 100% of the premium to their HPA.

Underpayment
If a participant does not pay the full HCTC invoice amount, the HCTC Program will match 65% of the payment received and forward that amount to the HPA. The participant will receive a letter stating that they underpaid their invoice amount and are responsible for paying 100% of the difference directly to the HPA.

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 non-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 & Accounting Representative. Payments made by EFT (ACH) settle into the HPA's bank account two business days after processing. Payments made by check will take at least 5-7 business days after processing.

Appendix

Quick Facts

- The monthly 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 states and monthly from the Pension Benefit Guaranty Corporation (PBGC).
- The HCTC Program invoices participants for 35% of their eligible premium amounts. A proportionate 65% is added to 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 directly to the HPA.
- HPAs include former employers, third party administrators, and health insurance companies.
- The HCTC can only be used to pay premiums for qualified health plans. Additionally, the credit is only available to pay premiums for medical expenses. Extra monthly premium amounts that cover separate dental or vision plans are NOT eligible for the HCTC except when included as part of a comprehensive plan.
- The resolution of unpaid balances or arrearage is the responsibility of individuals and their HPAs. The HCTC Program has no ability to mitigate any adverse action taken by the HPA as a result of past due balances.
- Once an HPA is enrolled in the HCTC Program, all questions should be referred to their assigned HCTC Finance & Accounting Representative. If an HPA is unsure of whom to contact, call the HCTC Customer Contact Center at 1-866-628-HCTC (4282). If you have a hearing impairment, call 1-866-626-4282 (TTY).

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 individuals 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 individuals monthly.
   - Long-term relationships with policyholders. 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).

3. **Will the HCTC Program charge HPAs any fees for participation?**
   No. The HCTC Program does not charge HPAs any fees.

4. **How do I know I will receive payments on time?**
   The HCTC Program processes payments monthly and in advance. Generally, payment processing occurs during the last week of each month, and the payments are made with a due date to the HPAs of the first of the following month (e.g., payments processed the last week of January are for a February 1 due date).

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 sufficient 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 is not able to balance bill for any missed payment, or portion thereof. All past due balances incurred prior to enrollment are the sole responsibility of your member.

Appendix

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 an 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 your Finance & Accounting representative immediately to determine the best way to handle the situation. 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 an 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% monthly HCTC 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 monthly 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 monthly HCTC?**
    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 monthly HCTC Program. However, they may receive the yearly 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 Network. The ACH Network is a highly reliable and efficient nationwide batch-oriented electronic funds transfer system which provides for the interbank clearing of electronic payments for participating depository financial institutions. The Federal Reserve and Electronic Payments Network act as ACH Operators, central clearing facilities through which financial institutions transmit or receive ACH entries.

Alternative Trade Adjustment Assistance (ATAA) – 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 cannot earn more than $50,000 per year in the new employment. Also, the firm where the workers previously worked 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 monthly HCTC under TAA and then becomes a participant in ATAA, the participant must re-register and re-qualify for the HCTC at that time.

Break In Coverage – A period of time when an individual has no creditable health coverage. A qualified health plan may require an HCTC candidate to have three months of creditable coverage before enrolling in the health plan. However, an HCTC candidate may have a possible break in coverage of up to 62 days. If the break in coverage is more than 62 days, then the plan can impose preexisting condition exclusions. A health plan administrator can, however, waive these exclusions.

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.

Appendix

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.

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

- A group health plan (including COBRA, Temporary Continuation of Coverage, 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 either a notice of termination or layoff from their job. Displaced workers who could be eligible for the HCTC became unemployed due to foreign competition and are receiving assistance through the TAA program.

EFT – Electronic Funds Transfer. Any process of electronically transferring funds to or from an account; EFT does not involve the exchanging of hard currency. A federal law to allow the transfer of funds electronically was passed in the United States in 1978. Common forms of EFT are ACH and Wire transactions.

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 meet general requirements and have qualified health coverage.

Eligible Premium – Generally, an eligible premium for the HCTC is for major medical coverage. Premiums for prescription drug plans and other certain plans may also qualify for the tax credit.

GRI – General Registration Information Form.

Appendix

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 an 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.

Health Coverage Tax Credit (HCTC) – The HCTC is an important benefit that pays 65% of a qualified health plan premium for eligible individuals. The HCTC is a unique tax credit that individuals can receive either as their monthly health plan premium becomes due or as a credit on their federal tax return. The IRS administers the HCTC.

Health Plan Administrator (HPA) – An entity that provides, or pays the cost of, medical insurance. An HPA 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.

IRS Form 1099-H – IRS Form 1099-H provides the amount of the monthly HCTC an individual has received, and the months during which it was received, for a specific tax year. This form is informational and for an HCTC recipient's records only.

IRS Form 8885 – Eligible individuals must complete and submit IRS Form 8885 with their federal tax return to obtain the yearly HCTC. The instructions for IRS Form 8885 provide guidance as to who can receive the yearly HCTC.

Appendix

Monthly HCTC – Option 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 monthly HCTC program.

National Emergency Grant (NEG) Bridge or Gap-filler Program – These grants provide temporary state-level assistance to help individuals pay their qualified health plan premiums while they are registering for, but have not yet received, the monthly HCTC. The grant ends when an individual receives the first invoice from the monthly HCTC Program.

Non-group/individual health plan – 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 a non-group/individual health plan, 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.

PAID – Payment Advice Internet Delivery system. This is a program through Financial Management Services (FMS) which provides information on electronic payments (EFTs). The information provided through PAID can assist in reconciling payments, as well as crediting HCTC participant accounts.

Payment Detail Report (PDR) – A listing of all payments made to an HPA, which contains the name of the insured, their Policy ID information, and the amount of the payment. These reports are submitted to HPAs by the HCTC Program on a monthly basis.

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.

Appendix

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

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

Pre-existing 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 pre-existing condition exclusion period, a group health plan cannot pay for treatment related to a pre-existing 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 pre-existing condition.

Premium – The amount an individual pays in exchange for health coverage. An individual's employer can 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.
- Non-group/individual 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 used for the monthly HCTC. 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.

Appendix

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 spouse's 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 receive 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 (Keyword/Search: HCTC).

Appendix

State Workforce Agency (SWA) – This is a term the HCTC Program uses to describe the state agency responsible for administering TAA and ATAA programs and for sending the HCTC Program the records of individuals who are potentially eligible for the HCTC.

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

TIN – Taxpayer Identification Number. This is usually a Social Security Number (SSN) or another assigned identification number.

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.

Appendix

Forms and Documents

The following forms are most commonly used by HPAs when working with the HCTC Program:

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

NOTE: The HCTC General Registration Information Form and Administrative Changes Form are currently in draft status. These draft forms are intended to streamline our processes, expedite your registration into the HCTC Program and ease submission of any necessary health plan updates. These forms are not required for use; however, official versions of these forms may become available in the future. Please provide any feedback on the use of these forms so that we can better understand your needs and better serve you.

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 & 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). If you have a hearing impairment, call 1-866-626-4282 (TTY).

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 & Accounting Center
Attn: Your Finance & Accounting Representative
Fax Number: 1-800-675-9602

Form **13562**
(Rev. January 2008)

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 Form.

(*) Denotes a required field

1.* ADDITIONAL COMPANY INFORMATION

*1a. LEGAL NAME:

*1b. LEGAL ADDRESS:

*1c. EIN/TIN (ASSOCIATED WITH LEGAL NAME):

*1d. INVOICE REMIT TO ADDRESS:

ATTN:

1e. HPA CONTACT NAME:

1f. HPA CONTACT MAILING ADDRESS:

DRAFT

HPA CONTACT TELEPHONE NUMBER:	HPA CONTACT FAX NUMBER:	HPA CONTACT E-MAIL:

*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, 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. *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.

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

   f. *HPA Contact Mailing Address:* The mailing address for the individual identified in field (e). 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.

DRAFT

Fax the HCTC General Registration Information Form to:

HCTC Finance and Accounting Center
Attn: Your Finance & Accounting Representative
Fax Number: 1-800-675-9602

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.

Form **13560** Rev. April 2007	Department of the Treasury — **Internal Revenue Service** **Health Plan Administrator (HPA) Return of Funds Form**	OMB Number **1545-1891**

Instructions for Returning Funds to the HCTC Program

- 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:

Send an HPA check (with company name and address):

Make check payable to US Treasury - HCTC, 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

Reversal of an EFT transaction:

Notify your bank that you want to reject the EFT, and request that they reverse the transaction back 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

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, you can send an 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 that is required on the HPA Return of Funds Form, for each individual for whom you are returning funds (listed below). *****Remember, before returning funds to the HCTC Program, you must contact your Finance & Accounting Representative.**

Use one form per insured, completing all sections below. Please mark N/A wherever applicable.

Insured Name: _____ SSN: _____

Date Coverage Ended: _____ Reason for Termination: _____

Total Amount Returned: _____ Is this a prorated amount? _____

If the returned funds are a prorated amount, what portion is Medical? _____ OT? _____

Are the returned funds the result of a premium change? _____ If so, what is the new medical amount? _____

OT amount? _____ What is the effective date of the new premium? _____

Is any portion of the returned funds money that the insured sent directly to the HPA (outside of HCTC)? _____

If so, how much? _____

Month 1: Date of EFT or Check: _____

# of Days Returning: _____

Medical Amount: _____

OT Amount: _____

Total Amount Returned: _____

Month 2: Date of EFT or Check: _____

# of Days Returning: _____

Medical Amount: _____

OT Amount: _____

Total Amount Returned: _____

Medical = Premium amount major medical coverage. **OT** = Premium amount for vision, dental, riders, or other coverage paid outside the major medical premium amount each month.

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.

Form **13865** (December 2007)	Department of the Treasury–**Internal Revenue Service** **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:

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.

DRAFT

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
ATLANTA, GA 30308

WAGE AND INVESTMENT DIVISION

April 12, 2007

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 adversely affected 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 (HPA) to supply us with some key information. This information allows us to make timely HCTC-qualified premium payments directly to you, on behalf of eligible individuals. The IRS has retained Accenture as its agent in implementing the HCTC Program. We request that you provide Accenture the information required to allow individuals under your coverage to benefit from the advance tax credit program.

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

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

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

2. The HCTC Program provides State Qualified Plan (SQP) information to HCTC eligible individuals. If you are a SQP, only your contact number is provided. Additionally, this information will be posted on the IRS website, and shared by our customer service representatives with callers.

3. Please enroll today to receive premium payments for your customers that are participants in the HCTC Program. This can be accomplished by completing the following steps:

    a. Sign up to receive payments via Electronic Funds Transfer (EFT) by completing the Automated Clearing House (ACH) Vendor/Miscellaneous Payment Enrollment Form, and, the General Registration Information (GRI) Form. These documents are found in the enclosed registration packet. Receiving 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. Your Employer Identification Number (EIN)
        ii. Your bank routing number and bank account information
        iii. A sample of a participant invoice

Additional information about the HCTC Program, including the HCTC Health Plan Administrators Operations Guide and 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. We look forward to working with you.

Sincerely,

David R. Williams
Director, Earned Income and Health Coverage Tax Credits
Internal Revenue Service

Enclosure

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.

HCTC | Health Coverage Tax Credit

Federal • State • Private Industry

Department of the Treasury
Internal Revenue Service

www.irs.gov

Publication 4308 (Rev. 2-2008)
Catalog Number 38307S