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Presentation at The Urban Institute forum  
“Can Tax Credits Be a Linchpin for Health Reform?”  
Lessons from the Factory Floor”

## HEALTH COVERAGE TAX CREDIT PROGRAM FACT SHEET

### Eligible Population

For January 2008, the potentially eligible population was approximately 262,000 (90,000 Trade Adjustment Assistance or Alternative Trade Adjustment Assistance [TAA/ATAA] recipients and 172,000 Pension Benefit Guaranty Corporation [PBGC] recipients).

Because of HCTC's complex qualification requirements, it is difficult to know how many people are *actually* eligible for the HCTC. The “potentially eligible” population only represents the individuals for whom the states and the PBGC reported as meeting some of the eligibility requirements for the HCTC. Individuals that cannot receive the HCTC because of additional eligibility rules that include:

- “Qualified” health plan coverage (such as the 30-day rule for an Individual plan)
- Individuals were already enrolled in coverage that is not qualified
- Potentially eligible individuals using their spouse's insurance and they can only claim the credit on their Federal tax return
- Potentially eligible individuals do not meet the other HCTC eligibility requirements, such as:
  - Not meeting the age requirements
  - Being entitled to Medicare (which precludes any family members from continuing to receive the credit)
  - Not meeting the training requirements for TAA

### Participants

The number of enrolled participants in the monthly credit program has grown each year.

As of January 2008, the HCTC Program has approximately:

- 14,500 taxpayers currently enrolled in the monthly HCTC Program (with approximately 9,000 additional family members also receiving the credit). Of these, approximately:
  - 9,000 are PBGC benefit recipients; and,
  - 5,500 are TAA or ATAA benefit recipients.
- 50,500 taxpayers cumulatively enrolled in the monthly HCTC Program (with approximately 30,300 additional family members also receiving the credit).
  - 20,300 are/were PBGC benefit recipients; and,
  - 30,200 are/were TAA or ATAA benefit recipients.

Below is a summary of the number of people who took advantage of the HCTC for each tax year. The first table represents only primary participants and does not include any associated family members also benefiting from the program. The "Total Unique Participants" row (Row 4) is the count of people who took advantage of the HCTC Program for each tax year via the monthly option, the yearly option or

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a combination of both. The second table provides an estimate of the primary participants and their family members that benefited from the Program.

## HCTC PARTICIPANTS

(TY06 Data was finalized in January 2008)

**Table 1: 'Primary' HCTC participants by tax year**

		TY2003	TY2004	TY2005	TY2006
Row 1	Monthly HCTC Participants:	6,816	18,935	22,040	22,379
Row 2	Yearly HCTC Recipients:	19,312	14,880	12,845	11,167
Row 3	Overlap (Received Monthly <u>and</u> Yearly):	(4,621)	(6,700)	(7,069)	(6,077)
Row 4	<b>Total Unique Participants:</b>	<b>21,507</b>	<b>27,115</b>	<b>27,816</b>	<b>27,469</b>

**Table 2: Estimate of Primary Participants and Their Family Members.**

		TY2003	TY2004	TY2005	TY2006
Row 1	Monthly HCTC Participants:	11,000	30,000	35,000	36,000
Row 2	Yearly HCTC Recipients:	31,000	24,000	21,000	18,000
Row 3	Overlap (Received Monthly <u>and</u> Yearly):	(8,000)	(11,000)	(11,000)	(10,000)
Row 4	<b>Total Unique Participants:</b>	<b>34,000</b>	<b>43,000</b>	<b>45,000</b>	<b>44,000</b>

Notes on data tables:

- The numbers in table 1 include primary participants only and do not include family members.
- The numbers in table 2 include primary participants and an estimate of their family members.
- The totals are specific to each tax year and do not represent a cumulative participation across tax years.

## Participating Health Plans

In January 2008, HCTC made monthly payments to over 600 Health Insurance Companies (includes COBRA plans). Cumulatively, the Monthly HCTC Program has made payments to more than 2,100 Health Insurance Companies.

## Monthly Premiums

As of January 2008, the average monthly premium for Monthly HCTC participants was approximately \$750 (see note below). 35% of the eligible premium is paid by participant and 65% is paid by the IRS. Some participants may also pay for other costs (excepted benefits) not covered by the HCTC program.

Note on average premiums:

The range of HCTC Monthly premiums varies widely by coverage type and the number of people covered on a policy. Also, there is considerable variation in the benefits and deductibles offered by health plans, state and plan premium rating rules, and plan demographics. All of these factors can affect premium rates significantly.

## State Qualified Health Plans

As of January 2008, 122 State-qualified health plans were available across 44 states (does not include COBRA plans).