The Health Coverage Tax Credit for Trade Dislocated Workers and Retirees: *Lessons from Maine's Early Experience*

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April 2004

Prepared with support from the Maine Health Access Foundation

GNL 55

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Prepared with support from the Maine Health Access Foundation for the National Academy for State Health Policy and the State of Maine Governor's Office of Health Policy and Finance

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ACKNOWLEDGEMENTS

The authors gratefully acknowledge the assistance of Eliza Bangit and Kevin Lucia of Georgetown's Health Policy Institute in preparing this report. We are also grateful to the Maine Health Access Foundation and, in particular, to Dr. Wendy Wolf, the Foundation's executive director, for generously supporting this project.

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INTRODUCTION

For more than 100 years, the Great Northern Paper Company manufactured quality paper products on the banks of the Penobscot River in Millinocket, Maine. The mill founders "turned a backwoods farm with seven inhabitants into a 250-ton per day mill surrounded by a town that grew so fast it was dubbed 'The Magic City in the Wilderness.'"[1] By 2002 the company employed over 1,100 workers, by far the largest employer in Millinocket. The company paid good wages with good benefits. Annual salaries for top jobs reached $60,000 to $80,000.[2]

In recent years, however, foreign trade competition in the paper industry has grown increasingly intense. In 2002, Great Northern Paper, Inc. (GNP) succumbed, declaring bankruptcy, laying off its workforce, and terminating its health plan for 1,130 workers and 677 retirees from GNP and the affiliated Pinkham Lumber Company.

The GNP bankruptcy was by far the largest in Maine in recent history, adding to a succession of other business failures and downsizings in the wood and paper products industry, the apparel industry, and other trade-impacted sectors. In 2003 3,557 Maine workers lost their jobs—and, in most cases, their health insurance—due to trade related competition. And these losses follow others. In recent years, Maine has experienced roughly 3,000 trade related job losses annually.[3]

For these workers and their families, the loss of health benefits, in particular, can be devastating. A local newspaper reported one GNP retiree's account of his neighbors' difficulties: "People need their prescriptions but many can't afford to pay cash for them…[They] are cutting their pills in half to make them last longer and some retirees are going without their medication, which could lead to life threatening situations.… One man has heart problems and his wife has cancer. There is a widow on a pacemaker...."[4] As Art Coffin, a local union representative, told a reporter: "They've gone from 100 percent [coverage] to nothing. It's a shock."[5] Mr. Coffin's wife, Rosemary, is an eight-year breast cancer survivor who is in good health today, but being uninsured makes her feel vulnerable. "It's terrifying. If [cancer] comes back, where are we?"[6]

In 2002, Congress responded by enacting a new refundable and advance payable Health Coverage Tax Credit (HCTC) so that manufacturing workers who lose health insurance as a result of foreign competition might regain coverage. The credit, equal to 65 percent of the premium for qualified coverage, is also available to certain early retirees who have lost pension benefits. When the law was enacted as part of the Trade Act of 2002, the Joint Committee on Taxation estimated the HCTC would help as many as 250,000 laid off workers and retirees regain health coverage and, counting dependents, could reduce the number of uninsured Americans by about one-half million.

The HCTC took effect on December 1, 2002. One year later just over 7,000 people —less than four percent of those potentially eligible—had claimed the advance payable credit and enrolled in coverage.[7] In the state of Maine, just over 100 people had enrolled

out of almost 2,000 who were eligible. An unknown additional number of people may have been enrolled in qualified health coverage but not the advance credit, intending instead to claim the refundable HCTC at year end on their 2003 federal income tax return.

As the HCTC program begins its second year, federal and state officials responsible for its implementation continue efforts to expand and fine tune the program, and additional data on its operation continue to be gathered and studied. This paper reviews early efforts to implement the HCTC in the state of Maine and identifies the program's accomplishments as well as opportunities for improvement.

THE HEALTH COVERAGE TAX CREDIT: BACKGROUND

The Health Coverage Tax Credit is a limited program, open only to certain qualified individuals and applicable only to certain types of qualified health insurance coverage, as described below.

People Eligible for the Tax Credit

Three main categories of individuals are eligible for the HCTC. The first category consists of certain people who are eligible for certain benefits under the Trade Adjustment Assistance (TAA) program. The second category consists of some people who receive benefits from the Pension Benefit Guaranty Corporation (PBGC). A third eligibility category is based on a program called the Alternative Trade Adjustment Assistance (ATAA) program, which is not yet operational in Maine and so not discussed in this paper.[8]

TRA recipients

The Trade Adjustment Assistance program is designed to help certain dislocated manufacturing workers who lose their job because of foreign imports.

- Primary workers: Most TAA benefits—such as retraining, and relocation services—are provided to people who lose their job because the manufacturing company they worked for, or the division of the company they worked for, closed or downsized as a result of imports. Competition from imported products may have reduced sales for the U.S. company, such as in the case of Great Northern Paper. Or in response to trade competition, the U.S. company may have been prompted to move production, and jobs, to a foreign country with which the U.S. has a free trade agreement.

- Secondary workers: Some TAA benefits are provided to people who lose their job because the company they worked for, or the division of the company they worked for, supplied parts that were very important to the making of the product of a client who closed or moved its production facilities to a foreign country because of competition from imports.

A key component of the TAA program is retraining to help dislocated workers in trade devastated industries develop new skills to find employment in other kinds of jobs. State workforce agencies assess workers' skills and experience and compare them to requirements of other kinds of jobs available in the region.[9] Those who need retraining can also collect a weekly cash benefit, called Trade Readjustment Allowance (TRA). TRA provides temporary, minimal income support to TAA recipients during their job

search and training. TRA benefits begin after regular unemployment insurance (UI) benefits, which typically last up to 26 weeks, have been exhausted, and TRA benefits pay about the same amount as UI. Basic TRA benefits are paid for up to 26 weeks. After that, extended TRA benefits for people still enrolled in retraining programs are available for up to 52 weeks. In certain circumstances, if remedial training is required, a final extension of up to 26 weeks of TRA benefits may be granted.[10] TAA eligible workers who do not require retraining because they have marketable skills can receive a waiver of training and, if they are still looking for work after UI benefits are exhausted, the waiver of training allows them to collect basic TRA benefits for up to 26 weeks.

To be eligible for the HCTC, TAA dislocated workers must be eligible for Trade Readjustment Allowance benefits and receiving either unemployment insurance or TRA benefits, or they must have a waiver of training. Therefore, for dislocated workers, eligibility for the HCTC can last up to 30 months. In practice, however, most dislocated workers collect TRA benefits for a shorter period and so, typically, would be eligible for the HCTC for one year or less.

PBGC recipients

The other group eligible for the HCTC includes people who are receiving pension payments from the Pension Benefit Guaranty Corporation. The PBGC protects certain pension benefit payments when a company terminates a pension plan and does not have enough assets to meet its pension obligations. The PBGC eligibility category is entirely separate from the TRA category. Many people receiving PBGC benefits today lost their defined-benefit pension plan decades ago (for example, employees of airlines that terminated pension plans in the 1980s.) To be eligible for the HCTC, people receiving PBGC benefits must be at least 55 or older. Enrollment in other specified coverage, including Medicare, ends eligibility for the HCTC. Therefore, PBGC recipients can be eligible for the HCTC for up to 10 years, though most retirees are somewhat older (58-59) when they begin collecting PBGC benefits.

Spouses and dependents

The spouse and dependents of an eligible TRA or PBGC recipient may also be eligible for the tax credit. Generally, dependents are those who the eligible individual can claim as a dependent on their federal income tax return. For purposes of the HCTC, however, children of divorced parents are eligible for the tax credit only if their custodial parent is eligible for it. A dependent's eligibility for the HCTC ends when the primary beneficiary's eligibility ends. So, for example, when a PBGC recipient turns 65, enrolls in Medicare, and loses eligibility for the HCTC, his younger spouse and dependents will also lose the tax credit, even if they have no other coverage options.

Coverage Eligible for the Tax Credit

The tax credit can be used to reduce the cost of the premium for qualified health care coverage. Some qualified coverage options are available to all HCTC-eligible persons, regardless of the state in which they live. Other options are available only in specific states.

Automatic options

People eligible for the HCTC can apply the credit to any of three so-called automatic coverage options that may be available to them.

First, all persons eligible for the tax credit can apply it to COBRA coverage when this option is available. Employers with 20 or more employees are required under federal law to offer continuation coverage to their covered employees and their dependents. When a company downsizes and lays off workers, COBRA can be an important source of health insurance. However, when a company closes and terminates its health plan, as happened in the case of Great Northern Paper, COBRA rights are lost because there is no coverage in which to continue. COBRA coverage typically lasts up to 18 months for workers who lose their jobs, although in some circumstances, COBRA might end earlier. For example, if a failing company lays off a group of workers and, a few months later, discontinues its health plan, the laid off workers would only have COBRA coverage until the health plan closes.

Second, all persons eligible for the tax credit can apply it to any coverage offered through their spouse's employer's group health plan, under limited circumstances. To be eligible for the HCTC, the spouse's employer must contribute less than 50 percent of the cost of the premium.[11] However, fewer than one in five U.S. employers that sponsor health plans contribute less than half of the premium for health insurance coverage.[12] As a result, the spousal coverage is not likely to be widely available to people claiming the HCTC.

Finally, under limited circumstances, the tax credit can be applied to any individual health insurance policy that a person purchased on his or her own. To exercise this option, the person must have been covered under the individual policy for at least 30 days prior to losing the job that triggered eligibility for TRA or PBGC benefits. Because most insured workers are covered under job-based group health plans, this individual health insurance policy option is also unlikely to be widely available to people claiming the HCTC.

State options

States have the option of establishing or designating any of seven additional forms of qualified coverage for HCTC eligible individuals, as well.[13] The state-based coverage options include:

- state-based continuation coverage (sometimes called "mini-COBRA" coverage);
- coverage offered through a qualified state high-risk pool;[14]
- coverage under a health insurance program offered for state employees;
- coverage under a state-based health insurance program that is comparable to the health insurance program offered for state employees;
- coverage through an arrangement entered into by a state and
  - a group health plan,
  - a health insurance company,
  - a health plan administrator, or
  - an employer;
- coverage offered through a state arrangement with a private sector health care coverage purchasing pool;
- coverage under a state-operated health plan that does not receive any federal financial participation (i.e., not Medicaid).

States can designate one or more qualified coverage options. So far, just over half of all states, including Maine, have designated a qualified state-based coverage option for HCTC eligible individuals. A handful of states have designated more than one qualified state-based coverage option.

State coverage options must provide certain consumer protections. Specifically, the state coverage option must be offered on a guaranteed issue basis. That is, it cannot turn people down based on their health status or any other eligibility reason. In addition, the state coverage option must not impose a pre-existing condition exclusion period. Federal law does not require these consumer protections to apply to all HCTC recipients, only to "qualified" recipients who have had at least three months of continuous creditable coverage leading up to enrollment in the HCTC coverage, with no break in coverage longer than 63 consecutive days. "Non-qualified" recipients—for example, those who take longer than 63 days to enroll in HCTC-subsidized coverage—are not guaranteed the consumer protections under federal law.

In addition to requiring guaranteed issue and prohibiting a pre-existing condition exclusion period, federal law applies vague non-discrimination requirements for qualified health plan benefits and premiums. To date, the federal government has issued no guidance to clarify the nondiscrimination requirements. The Trade Act of 2002 requires that the total premium for state-based qualified coverage (without regard to the tax credit) may not be greater than for a similarly situated individual who is not eligible for the

credit.[15] Consequently, if a state arranges for qualified HCTC coverage to be offered through an insurance policy that medically underwrites premiums for other policy holders, HCTC enrollees can be charged higher premiums based on health status to the same extent as other policyholders with similar health conditions. Or, if a state arranges for qualified HCTC coverage to be offered through a policy that sets premiums based on age for other policy holders, HCTC enrollees can be charged higher premiums based on age to the same extent as other policyholders who are the same age. The Trade Act of 2002 also requires benefits under qualified state-based coverage options to be the same as (or substantially similar to) the benefits provided to similarly situated individuals who are not eligible for the HCTC.[16]

States are free to require (or arrange with participating plans to provide) more extensive consumer protections under their state-based coverage options, and some, including Maine, have done so.

Other Features of the HCTC

Several other key features of the HCTC matter for how the program operates, as well as its relevance to the broader debate about tax credit subsidies for health insurance.

Refundable and advance payable

The HCTC is refundable, so the full credit can be claimed by people with low incomes who have little or no federal income tax liability. In addition, the HCTC is advance-payable. Beginning in August 2003, people eligible for the credit have had the option of registering with the IRS HCTC program to have the credit paid directly to their health insurer on a monthly basis. The advance credit program is especially important for unemployed workers and others with limited income who might not otherwise be able to afford to pay the full cost of coverage and wait to claim the credit on their tax return. The advance payable credit can be claimed for all of the eligible coverage types except one. At this point, the IRS is not able to make the advance payable credit available to people who claim it for coverage under their spouse's employer-sponsored health insurance where the employer contributes less than 50 percent of the premium. People eligible for the HCTC also have the option of claiming it on their next federal tax return.

Duration of credit varies

The length of time someone can claim the HCTC will depend on their eligibility for TRA and PBGC benefits, as well as their eligibility for qualified coverage. As noted above, most TRA recipients may be eligible to claim the HCTC for a year or less, while PBGC beneficiaries would be eligible for the credit for up to ten years. In addition, other rules governing qualified coverage options could further reduce the time someone can claim the HCTC. For example, in states that have not designated a state-based qualified

coverage option, dislocated workers can only apply the credit to COBRA continuation coverage, which generally is only available for 18 months, even though TRA benefits could last up to 30 months and PBGC benefits could last up to 10 years. In the case of bankrupt companies where COBRA is not an option, dislocated workers in such states would likely not be able to use the HCTC at all. In many states, so-called "mini-COBRA" coverage lasts only 6 months to one year. Eligibility for qualified high-risk pool coverage is also time-limited in some states. All of these eligibility rules would make a difference for how long any given person could claim the HCTC.

Entitlement to the credit

Finally, the HCTC is an automatic, open-ended spending program, not subject to or limited by annual appropriations by the Congress. All people who qualify for the credit are entitled to claim it, and no matter how many claim the HCTC, nor how expensive their insurance premiums, the subsidy will be paid. The open-ended nature of the HCTC distinguishes this form of health insurance assistance from other kinds of programs—such as block grants or state high-risk pools—which have capped funding and so sometimes must turn applicants away when funding runs out.

However, the HCTC is not as open ended as it may appear. Eligibility for the HCTC is linked to eligibility for Trade Readjustment benefits, which are financed through annual Congressional appropriations and subject to special caps. Appropriations can vary from year to year and have recently been cut. For example, Maine has been allotted $3.1 million in TAA funding for the current fiscal year, down from $4.6 million last fiscal year, even though the rate of plant closures and layoffs has held steady. However, within the total amount of TAA funding, Maine's funding for TRA benefits has not been reduced.

Funding pressures on benefit programs for dislocated workers would not close off access to the HCTC altogether—even under an extreme funding shortfall, workers could be granted a waiver of training to preserve their eligibility for the HCTC—but if TAA and TRA benefits were to become less generous or harder to access, access to the HCTC could also be affected.

Administration of Tax Credit

Implementation of the HCTC involves several federal and state government agencies. The lead agency at the federal level is the Internal Revenue Service (IRS), an agency within the U.S. Department of Treasury, which administers the tax credit. The IRS determines eligibility for the credit, confirms that it is applied to qualified coverage, enrolls eligible individuals and registers qualified health plans in the advance tax credit program, and processes the premium payments. The IRS also conducts outreach by sending enrollment packets and background information to people as their names are provided to the HCTC program as eligible for TRA or PBGC benefits. Most of these

functions are performed by Accenture, an outside contractor. The Treasury Department also ensures that qualified coverage options established by states meet federal standards.

A different federal agency, the U.S. Department of Labor (US DOL), certifies that jobs have been lost because of imports and issues TAA certifications to affected worker groups. This certification triggers eligibility for trade assistance benefits and, potentially, the HCTC. The US DOL, along with its state counterparts, helps verify eligibility for the HCTC on a daily basis by transmitting the names of TRA beneficiaries to the IRS. The US DOL also administers National Emergency Grants (NEG) to states to fund other administrative and implementation activities relating to the HCTC program. Finally, the PBGC, a quasi-independent federal corporation, notifies its recipients who are 55 or older of their potential eligibility for the HCTC and makes monthly reports to the IRS to verify continued receipt of PBGC benefits for those retirees who claim the credit.

At the state level, state workforce agencies administer UI and TAA/TRA benefits, determining eligibility of dislocated workers for these programs and enrolling them. State workforce agencies report new TRA enrollees to the HCTC on a daily basis to facilitate enrollment in the HCTC. In addition, state agencies submit monthly reports on TRA enrollment to the HCTC program to verify continued eligibility for the tax credit.

People who wish to claim the HCTC on a monthly basis must register with the IRS for the advance credit program. To do this, a TRA or PBGC recipient must contact the HCTC customer contact service center by phone or mail, verify their eligibility for the credit, and provide information about the qualified health coverage in which they are enrolled and its monthly premium cost. If the qualified health plan (for example, a COBRA plan) is not yet registered with the HCTC advance credit program, HCTC will contact the plan administrator to encourage it to register. This process can be completed within a day, but may take longer, depending on the responsiveness of the plan administrator. Some COBRA third-party administrators have refused to participate in the advance credit program.[17]

The time required to complete all of these steps means that enrollment in the HCTC advance credit program can take anywhere from four to six weeks. Until the enrollment process is complete, the HCTC-eligible person must continue to pay out of pocket 100 percent of the premium for qualified coverage.[18] Thereafter, each month the HCTC program will verify a person's continued eligibility for the credit, bill that person for his or her 35 percent premium share, combine that payment with the 65 percent tax credit, and remit the total combined payment to the health plan. For premium payments to reach the health insurer on time, the HCTC must receive an individual's payment and premium invoice no later than the eighth day before the total insurance premium is due. People who make late payments to the HCTC risk being dropped from the advance credit program. Once dropped for late payment, a person becomes responsible for making a timely total premium payment to the insurer for the following month in order to remain insured. The person can still claim a tax credit for 65 percent of that premium payment on his year-end tax return. In addition, he can re-enroll in the advance credit program for the following month.

National Emergency Grant (NEG) Assistance

The Trade Act of 2002 provides support for state efforts to implement the HCTC through the health insurance coverage assistance grant and health insurance interim assistance grant. These grants can be used to set up the necessary infrastructure for the HCTC and help eligible individuals and their qualifying family members enroll in qualified health insurance. These grants are administered by the U.S. Department of Labor. The Labor Secretary is required to approve or reject a state's completed application within 15 days of its receipt and to provide technical assistance, if requested, to help states submit an application that will be approved.[19] In 2003, some NEG applications were not approved on a timely basis. For example, the Maine application, initially submitted in mid-February, was not approved until June.

The majority of NEG funding is for interim assistance grants, sometimes called "bridge grants," for states to "provide assistance and support services to eligible individuals, including health care coverage…"[20] Primarily, interim assistance grants have been used to subsidize 65 percent of the cost of qualified health care coverage for people until their advance credit payments can begin. Bridge grants were especially important in early 2003, before the advance credit program took effect in August. They continue to be helpful to people during the four to six week advance credit enrollment process. NEG funding is also available to offset state costs related to implementation of the HCTC, including eligibility verification, beneficiary outreach and enrollment assistance, the processing of certificates, and the establishment of necessary data management systems. The Trade Act of 2002 authorized and appropriated $60 million in fiscal year 2002 ($10 million for infrastructure support to states and $50 million for interim assistance grants.) For fiscal years 2003 and 2004, the legislation authorized another $160 million and $110 million, respectively, but did not make appropriations. In a separate action, Congress appropriated $29.8 million for fiscal year 2003. To date, approximately $40 million in NEG funds have yet to be obligated in grants to states.

EARLY HCTC EXPERIENCE IN MAINE

Maine responded promptly to take advantage of the new HCTC, which took effect shortly after the Great Northern Paper bankruptcy. An interim, bare bones health plan was established for unemployed GNP workers in February 2003. Relying largely on charity care from hospitals, the interim plan provided health services through the end of April.

The governor's office also acted quickly to establish a state-based coverage option that would meet the requirements of the HCTC program. Maine's qualified state-based coverage option is a group health insurance policy that is similar to—although not the same as—health insurance offered to state employees. This group policy, called Blue Choice, is insured through Anthem Blue Cross Blue Shield of Maine. It opened for enrollment to HCTC eligible individuals in July 2003.

Blue Choice

The Blue Choice policy offers coverage for a comprehensive set of benefits including inpatient and outpatient hospital care, physician care, diagnostic lab and X-ray services, maternity care, and prescription drugs. Limited coverage for mental health and substance abuse treatment is also included.

For most covered services, a $1,000 per person ($2,000 per family) annual deductible applies, after which the enrollee pays 10% coinsurance for in-network care and 30% for out-of-network care, up to an annual out-of-pocket limit of $2,000 per person ($4,000 per family). Outpatient physician services are subject to a co-pay, with the annual deductible waived. The annual deductible is also waived for prescription drugs, which are subject instead to a co-pay of $10 for generics, $20 for brand, and $30 for the most expensive brand name drugs.

Blue Choice is considered group health coverage under Maine law.[21] People eligible for the HCTC may enroll in Blue Choice coverage, but are required to disenroll one month after HCTC eligibility ends.

In February 2003, Maine also submitted an application to the US DOL for National Emergency Grant assistance funding in the amount of $15 million for infrastructure support and bridge payments. In June $7 million in NEG funding was awarded.

In part because of this rapid response, the IRS selected Maine in the summer of 2003 as a pilot state to test implementation of the HCTC advance credit. Enrollment in the advance credit program was conducted at three outreach events held in and around Millinocket in June of 2003. Two hundred thirty-six people attended these events. One hundred thirty-seven signed up for the state qualified coverage option and were invoiced for the 35 percent premium amount, although not all sent in their payment. The IRS made the first HCTC advance credit premium payments on behalf of about 90 people on July 1.[22]

Although enrollment in the HCTC has grown somewhat since then, the vast majority of people eligible for the credit are not participating. The IRS reports 111 Maine residents were enrolled in the HCTC advance credit program as of January 31, 2004. (See Table 1.) Most of these people were TRA beneficiaries. Over half of those claiming the HCTC were enrolled in Blue Choice. Most of the rest applied the credit to their premium

for COBRA coverage. A very small number (fewer than 10) used the credit to pay for an individual health insurance policy which they had purchased prior to becoming eligible for the HCTC.[23]

Table 1 Maine's HCTC eligibility and enrollment by eligibility category, January 2004

Category	# Potentially Eligible	# Enrolled in HCTC	% Enrolled
TRA beneficiaries	1,504	99	6.6%
PBGC beneficiaries	486	12	2.5%
Total	1,990	111	5.6%

Source: Internal Revenue Service

For people enrolled in the HCTC, the IRS paid 65 percent of the premium for qualified coverage each month. The total premiums paid for coverage (the IRS and the individual contributions combined) averaged between $300 and $500 per month for single coverage (with a high of $781) and between roughly $600 and $1,000 per month for families of two or more (with a high of $1,137), depending on the coverage option. (See Table 2.)

Table 2 HCTC Premium Payments in Maine, January 2004

Enrollment Category	Average Total Monthly Premium Paid by IRS (individual share plus tax credit amount)			Highest Total Monthly Premium Paid
	COBRA	Blue Choice (state-based coverage option)	Individual Market Policy	
Single	$315	$489	$397	$781
Two person	$597	$1,048	*	$1,137
Three person	$739	*	*	$833

* no enrollment in this category Source: Internal Revenue Service

According to the Maine Department of Labor, 1,504 TAA certified workers were collecting or had established eligibility for TRA benefits as of January 31, 2003. The PBGC reported another 486 Maine residents over the age of 55 were collecting PBGC pension benefits as of that date, for a total of 1,990 people potentially eligible for the HCTC. Therefore, less than six percent of people potentially eligible for the credit in Maine were claiming it by the end of the program's first year. These preliminary IRS data do not reflect people who claimed the HCTC early on but later stopped because, for example, they found new jobs with health benefits or because they could no longer afford to continue paying their premiums. These numbers also do not include people who may have waited to claim the HCTC on their income tax return. Nevertheless, the HCTC

take-up rate in the first year is very low. A number of factors likely help to explain this result.

Affordability of Coverage

People eligible for the HCTC tend to have limited incomes. In Maine, the maximum unemployment insurance benefit is $292 per week, $242 after taxes. Most people don't qualify for the maximum benefit, however.[24] For retirees, PBGC benefits are even lower than UI/TRA benefits. Nationwide, in 2002, the average monthly PBGC pension payment was $383 and the median monthly benefit was $242.[25] Affordability of health insurance is, therefore, a challenge for people trying to make ends meet on these monthly benefits.

The affordability challenge is compounded by the price of coverage. None of the qualified health insurance options offered in Maine are inexpensive. For example, the price of monthly coverage under the Blue Choice plan for an individual ranges from $379 to $568, depending on age. (See Table 3.) In the individual market, comparable coverage—a fee-for-service option with a $1,000 deductible—would be priced at $421 to $632.[26] The HCTC subsidy reduces the cost of qualified coverage by 65 percent but still leaves people paying a significant amount. For the Blue Choice policy, a person's 35 percent premium share would be anywhere from $133 to $527 per month, depending on his or her age and whether family coverage is elected. Comparing these prices with monthly income benefit levels in Maine, the fact that no Maine residents are enrolled in the Blue Choice family coverage is not so surprising.

Table 3 Blue Choice Monthly Premiums, June 1, 2003

Plan Type		Monthly Premium by Age Category		
		Under 40	40-54	55+
Employee	Total Rate	$379	$474	$568
	35% share	*$133*	*$166*	*$199*
Employee and Spouse	Total Rate	$758	$947	$1,137
	35% share	*$265*	*$332*	*$398*
Family	Total Rate	$1,004	$1,255	$1,506
	35% share	*$351*	*$439*	*$527*
Employee and Child(ren)	Total Rate	$625	$781	$938
	35% share	*$219*	*$274*	*$328*

Source: Maine Department of Administrative and Financial Services, Bureau of Human Resources

Maine cut benefits under the Blue Choice policy somewhat, relative to that offered state employees, in order to reduce the cost for HCTC eligible persons. Specifically, the annual deductible, originally set at $500, was increased to $1,000 (a higher amount than state employees pay) in order to make the policy more affordable for laid off workers. Other benefits are similar and are delivered through the same network of PPO doctors and hospitals that treat state employees.

Maine also priced Blue Choice coverage separately for the HCTC group. HCTC enrollees not only do not face the same premium as state employees, their premiums are administered differently. Although it is a group health plan, each HCTC member of the group is billed separately for coverage, as though he or she were buying an individual policy. Further, HCTC enrollee premiums for Blue Choice are age-adjusted, as is coverage sold in the individual health insurance market in Maine. This age adjustment increases the cost of coverage to older participants, relative to younger participants. Blue Choice enrollees over age 55 are charged 1.5 times the premium for those under 40, the same age-rating band that applies to community rated premiums in Maine's individual insurance market. By rating individuals within the group policy in this way, affordability of coverage is improved for younger beneficiaries, but becomes more problematic for older displaced workers and retirees. This may explain why so few PBGC recipients, who must be at least 55 to qualify for the HCTC, claim the tax credit in Maine. Only about 2 percent of Maine's PBGC-eligible recipients participate in the HCTC, compared to almost seven percent of TRA-eligible beneficiaries.

In light of the cost of coverage and people's incomes, the 65 percent subsidy offered by the HCTC appears to be inadequate. The 35 percent premium share is extremely difficult to afford for many people. Maine Department of Labor workers and IRS staff who attended the June enrollment events in Millinocket heard repeatedly that affordability of health coverage was problematic, and affordability complaints continue. As one member of the Department's rapid response team commented: "When I've talked to people trying to get by on, say, $160 a week, and tell them health insurance coverage for their family will cost them more than $500 a month, they tell me there's no way they can pay that much."[27]

Administrative Barriers

Although federal and state officials have worked hard to simplify and shorten the application process for the HCTC, from the consumer perspective it is neither simple nor brief. Dislocated workers must navigate all of the administrative issues and barriers, not only of the new tax credit, but also of the TAA program on which eligibility is based. From beginning to end, a number of factors can deter enrollment and, for those who wish to claim the credit, the length of time it takes can vary considerably. Administrative barriers and time lags can result in lengthy gaps during which unemployed workers may not receive cash benefits and may be uninsured. From pink slip to tax credit, the process takes place as follows.

A company that is downsizing or closing must petition the Department of Labor to be certified as trade impacted. Employees or their representatives, such as a union, may also petition for TAA certification. In Maine, the Bureau of Employment Services actively encourages employers that anticipate closing or downsizing to apply for TAA certification as soon as possible. Once filed, the U.S. Department of Labor must make an initial decision on the TAA petition within 40 days. Often the Department issues certificates more rapidly, but the process may take longer if the applying company is slow to provide the necessary information or if the initial application is denied and then appealed. In one outlier case, a company in Maine, Spinnaker Coating, was TAA certified in March of 2003, following denial of its initial application and a two-year process of appeal.

Once granted, the TAA certificate covers a three-year period that begins one year prior to the certification date and ends two years from certification. All workers laid off during this period are eligible to apply for TAA benefits. The Maine Bureau of Employment Services dispatches Rapid Response Teams to meet with workers in their communities and provide information about TRA benefits. However, people must apply for TRA benefits in person at regional Department of Labor offices called Career Centers. Applications must be made within eight weeks of TAA certification or sixteen weeks of separation, whichever is later.

Not all TAA certified dislocated workers become eligible for the HCTC because not all of them qualify or sign up for TRA benefits. Less than half of trade dislocated workers in Maine receive TRA benefits: 1,504 TRA enrollees compared to 3,557 TAA certified workers in 2003. Some TAA certified workers are not eligible. These include recent hires who do not have the requisite 26-week work history to qualify for UI/TRA benefits. Others who are eligible forego retraining to take new, often lower-paying jobs, because they cannot afford to live on UI/TRA benefits for very long.[28] Still others forego retraining because they are discouraged or intimidated by the prospect of returning to school after decades in the workforce and competing with new college graduates for entry-level jobs in a new field. Among unemployed Great Northern Paper workers, for example, roughly 100 of those eligible for TRA never signed up for retraining.[29]

Once people do sign up for TRA benefits (or receive a training waiver) they are eligible to apply for qualified coverage and the HCTC. Maine Career Centers transmit the names of new beneficiaries to the HCTC program daily, and the HCTC promptly mails an information and registration kit to each new beneficiary.

The next step is to apply for coverage. For people electing the Blue Choice policy, this application is handled by another state agency, the Department of Administrative and Financial Services, Bureau of Human Resources, which also administers Maine's state employee health benefits program. Here, people can enroll in Blue Choice, paying the first month's premium at the time of enrollment.

The advance credit payments begin on the first day of the month following completion of the HCTC registration process. This time lag presents its own affordability problem.

Maine tries to correct it by using NEG funds to reimburse people for 65 percent of the premium cost while they are in the HCTC enrollment process.[30] People must apply separately to the Maine Bureau of Employment Services for this "reach back" program, although the state processes these applications in a matter of days and a refund check for 65 percent of the premium is usually issued within one week. Cash flow problems are so severe for laid off workers that virtually all of them apply for the reach back subsidy. According to the official who administers this program, some people have used their rent money to pay the initial health insurance premium then paid the landlord a few days later once the reach back reimbursement check arrives. In all, reach back payments totaling $166,600 have been processed for 132 individuals since June 2003.[31] This program is scheduled to end in June 2004 when the state's NEG grant expires.

Consumer Protections under Qualified State-Based Coverage

Affordability and administrative barriers are likely the leading reasons why so few Maine residents eligible for the HCTC have claimed it. Other issues relating to the consumer protections afforded under the HCTC program may also be important. Four issues relating to such protections are discussed below.

Effect of 63-day coverage lapse on availability of HCTC protections

First, as noted earlier, federal law stipulates that people who are eligible for the HCTC and who sign up for state-based coverage are only guaranteed consumer protections (guaranteed issue coverage and no pre-existing condition penalties) if they are "qualified beneficiaries," that is, if they enroll in their state-based coverage option within 63-days of losing prior coverage. In light of the time lags inherent in TAA certification, TRA eligibility, and HCTC advance credit enrollment, it would be easy for dislocated workers to experience a 63-day lapse in coverage. This loss of "qualified beneficiary" status could constitute a barrier to coverage for HCTC-eligible individuals with health problems if their state-based coverage option turns them down or excludes coverage for their pre-existing condition. Maine has expanded consumer protections for HCTC-eligible individuals beyond the requirements of federal law. The Blue Choice policy is always available to HCTC-eligible individuals on a guaranteed issue basis with no pre-existing condition penalties. Consequently, the time lags built into the process for qualifying for the tax credit will not disqualify Maine residents from these two key insurance consumer protections.

Effect of 63-day coverage lapse on future group health plan coverage

Second, people experiencing a lengthy break in health insurance coverage while waiting for the HCTC could face other problems in the future. Under federal law, only coverage obtained *after* a 63-day lapse can be credited against a new group health plan's pre-existing condition exclusion period. (Maine's small group market rules are more

generous, allowing prior coverage with a lapse of up to 90 days to be creditable.) Thus, when dislocated workers finally do get a new job with new health benefits, the coverage lapse they experienced while waiting for the HCTC might cancel out a lifetime history of continuous coverage that would otherwise have satisfied the new group plan's pre-existing condition exclusion period.

For example, assume a Maine worker with ten years of job-based health benefits loses his job and is uninsured for four months before he can claim the HCTC and enroll in Blue Choice. Further assume he remains in the Blue Choice plan for three months until he finds a new job with health benefits. If the new job-based health plan imposes a one-year pre-existing condition exclusion period, he will only be able to credit his three months of Blue Choice coverage against the exclusion period. None of his prior, ten-year coverage history can be credited to satisfy the new group plan's pre-existing condition penalty.

HCTC group coverage and HIPAA rights

A third issue relates to potential discrepancies in HCTC protections and in protections offered through the Health Insurance Portability and Accountability Act (HIPAA). A primary purpose of both laws is to help people who lose job-based health benefits. In some respects, the protections they offer are similar and, in some cases, may be complementary. But it is also conceivable these two programs can conflict.

HIPAA-eligible individuals—those who lose job-based coverage and meet other requirements—are guaranteed access to non-group health insurance with no pre-existing condition exclusion periods. To receive these protections, HIPAA-eligible people must apply for HIPAA coverage within 63 days of losing their prior coverage. States must designate qualified HIPAA coverage to eligible individuals, usually through private individual market insurers or high-risk pools. In states that fail to designate HIPAA coverage options, the federal government enforces HIPAA protections and requires all individual market insurers to offer HIPAA coverage to eligible individuals. These access guarantees (sometimes referred to as "portability" protections) are key protections for people who might otherwise be treated as "uninsurable" in medically underwritten individual health insurance markets. However, HIPAA access protections are not accompanied by subsidies, and so, practically speaking, offer only limited help.

The HCTC guarantees a health insurance premium subsidy to HCTC-eligible individuals, those who lose their jobs and health coverage and meet other requirements. States *may* designate qualified HCTC coverage to eligible individuals that guarantees access with no pre-existing condition exclusion periods, again, key protections for people with health conditions who might otherwise be treated as "uninsurable." To receive these protections, HCTC-eligible people must apply for state designated coverage within 63 days of losing their prior coverage.

When states designate the same qualified coverage options for HIPAA and HCTC, the tax credit subsidy can enhance HIPAA portability protections. However, if states

designate different qualified coverage options for these two programs, people who qualify for both might find themselves having to choose between the HCTC premium subsidy and HIPAA portability protections. This situation could arise in states that establish *non-employer* group plan arrangements for HCTC eligible individuals. Presumably, membership in these non-employer group plans could be contingent on continued eligibility for the federal tax credit, much as eligibility for Maine's Blue Choice group plan option ends once HCTC eligibility ends. People disenrolling from non-employer group coverage are not eligible for HIPAA portability protections because HIPAA protections only apply to people leaving *employer* group plans.[32] Once the credit ends, those with health problems might find themselves "uninsurable," but no longer eligible to claim the HIPAA portability protections that had been available when they first lost job-based group coverage.

Maine residents do not face this tradeoff between subsidy rights and portability rights. Maine's Blue Choice policy is an employer group health plan, available to state employees and other people eligible for the HCTC. Once people in Maine lose eligibility for the HCTC, they must leave Blue Choice but, assuming they have remained continuously covered, they are HIPAA eligible and so must be offered individual coverage, regardless of their health status. Even if Maine's Blue Choice plan were a non-employer group plan, the state's comprehensive individual market regulations would still protect residents. In Maine, all residents leaving any type of prior health coverage—employer group, non-employer group, and individual market—have portability protections in the individual insurance market.

Group coverage and rating protections

Finally, federal law requires very little in the way of rating protections for HCTC-eligible consumers under state-based coverage options. Vague nondiscrimination rules clearly permit medical underwriting of premiums, at least in some circumstances. Maine has established community rated premiums for the Blue Choice policy, once again going beyond the minimum requirements in federal law. However, Maine's rating rules under this group health insurance policy are unusual and, in one important respect, may be less protective than federal law requires. Typically, the premium contribution required of participants under an employer group health plan would not vary by age, even though the premium for the entire group might be age rated. State employees in Maine do not pay age-adjusted premium contributions for their health coverage. Under Blue Choice, however, each HCTC-eligible person is charged a community rated premium that is adjusted for his or her age. As has been discussed, this makes the premium less expensive for younger beneficiaries, but more expensive for older people. Federal regulators have not commented on this rating practice in Maine. Unless or until they do, questions remain about how HCTC eligible individuals might be rated under group coverage options.

ISSUES MOVING FORWARD

On balance, the first year's experience with the HCTC is mixed. Many things were done right and many people in federal and state government worked in good faith to create new programs and procedures in a very short period of time. At the same time, the HCTC program covered very few of the people it targeted. One reason for this may be that the program is so new. As one federal official commented: "It's not unusual for take-up rates to be low at the beginning of new programs. Enrollment in SCHIP, for example, also started slowly, and SCHIP was largely an expansion of existing programs. The HCTC is entirely new. People aren't used to the idea of having a health insurance tax credit, let alone having it paid by the IRS on a monthly basis. Participation in the HCTC has grown each month since it began, and it should continue to grow as more people become familiar with the tax credit program."[33]

Even so, many questions remain to be answered about the future of the HCTC. Based on Maine's early experience, however, several key issues can be identified for consideration during the second year of the program.

1. Can more affordable coverage options be made available to uninsured unemployed workers and retirees in Maine?

To improve affordability, the money people have available to pay for health coverage must increase or the cost of coverage must be reduced. These ends could be accomplished by 1) expanding the tax credit subsidy beyond 65 percent, 2) increasing cash benefits paid to TRA and PBGC beneficiaries, or 3) offering even lower cost coverage options. The first two approaches would probably require an increase in federal funding. Substantial new state spending is unlikely given Maine's current budget problems.

State initiatives to create more affordable qualified coverage options may lie ahead, although prospects for substantially reducing insurance costs are uncertain. Currently, Maine officials are working to establish a new health insurance program—Dirigo Health—that could possibly become a less expensive coverage option for the HCTC. Dirigo Health is intended to make a lower cost health coverage option available to small businesses, the self-employed, and other individuals by subsidizing premiums and benefits for lower income workers and their families. The program is scheduled to open in July 2004.

Alternatively, Maine could further reduce the cost of Blue Choice coverage by cutting benefits under the policy. Such an approach would shift costs to sick people who make claims. The interim health plan offered to GNP workers in early 2003, for example, was offered at no premium, but drug benefits, in particular, were extremely limited. Prescription drugs were covered for a $10 co-pay plus 100 percent of the cost between $68 and $1,000, leaving unemployed families with total out-of-pocket exposure for

prescription drug costs of $932 per month.[34] This particular tradeoff between lower premiums and higher out-of-pocket pharmaceutical expenses would be difficult for people with chronic health conditions, such as diabetes or multiple sclerosis, requiring expensive medications. Other research suggests that bare bones policies are not attractive to low-income uninsured people because they cannot afford to pay even a nominal premium in addition to continued, substantial out-of-pocket costs for prescriptions, doctor visits, and other health care services.[35] If pared-down health benefits are pursued, the financial tradeoff could still disadvantage consumers because the HCTC subsidizes premiums, not cost sharing or other out-of-pocket health care spending. Therefore, consumers would pay the full cost of benefit cuts, while the IRS would realize 65 percent of the premium savings that result.

2. Can existing resources be marshaled to strengthen the HCTC program and assist more eligible individuals?

Ironically, Maine has on hand more cash than it is currently permitted to use to help HCTC-eligible people afford coverage. Of the $7 million in NEG funding awarded to Maine, roughly $6.8 million remains, and the grant expires this June. The NEG funding was awarded for the specific purpose of making bridge payments to offset the 65 percent premium share while people await activation of the advance credit program. However, if Maine were to ask, and if the federal government were to agree, the remaining NEG funding would be more than sufficient to pay all or part of the 35 percent premium share for all HCTC eligible residents in Maine, thereby assuring affordable health coverage for almost 2000 workers, retirees, and their families.

The statutory language authorizing NEG interim assistance grants is very broad, allowing states to use funding "to provide assistance and support services to eligible individuals, including health care coverage…." The law does not explicitly prohibit, for example, the use of NEG funds for offsetting some of an eligible individual's 35 percent premium share over a certain period of time. Maine and other states could make a case for extending and re-budgeting unused NEG funds to help more eligible uninsured workers and retirees take advantage of the HCTC and enroll in qualified coverage.

3. Does it make sense to link eligibility for tax credits to other programs?

Tying eligibility for the HCTC to the TRA and PBGC programs has advantages and disadvantages. On the one hand, receipt of TRA or PBGC benefits is a straightforward eligibility standard that is relatively easy to verify. In addition, the IRS can rely on existing federal and state program structures and staff to identify and communicate with potentially eligible people and to assist them in applying for the credit.

On the other hand, the different programs can work at cross-purposes. The tax credit mechanism for subsidizing health insurance is an automatic and open-ended entitlement, while the TAA program to which it is linked is subject to finite (and shrinking) funding

caps. In addition, the underlying goals of labor policy and health policy appear to conflict in some cases. The fact that TRA cash benefits are very limited and somewhat difficult to claim may be consistent with one goal of labor policy (to avoid work disincentives) but it is inconsistent with other goals of health policy (to facilitate continuity of coverage).

Administrative barriers to claiming TRA benefits reduce the number of people eligible for the HCTC and limit coverage for their spouses and dependents as well. TAA program budget cuts may exacerbate these problems in the near future. Policy makers contemplating further use of health insurance tax credits linked to other programs should take into account such hurdles to eligibility and participation. For example, legislation has been introduced in Congress to expand eligibility for the HCTC to include any person collecting UI benefits.[36] This expansion could allow many more displaced workers to claim the credit, even if they decide not to pursue re-training under the TAA program. However, UI benefits typically expire in 26 weeks. Consequently, people claiming eligibility based on UI benefits would lose their tax subsidy for health insurance within six months. This limited timeframe for health insurance assistance—especially in light of the process involved to claim it—could discourage many people from claiming the tax credit, health plans from participating in the advance credit program, and states from creating qualified state-based HCTC coverage options.

4. Are consumer protections sufficient?

Not enough information has yet been gathered to know whether consumer protections are adequate to prevent access barriers to coverage for HCTC-eligible people. Maine has expanded consumer protections under its state-based coverage option—guaranteeing access to Blue Choice coverage with no pre-existing condition penalty—to assure that no residents are penalized because they have a lapse in coverage. This is a key expansion of consumer protections that is not offered in many other states. In light of the built-in time lags under the TAA program, many dislocated workers are likely to be uninsured for 63 days or longer and—if they are sick—could encounter difficulty enrolling in state-based health coverage. Congress might address this problem by dropping the 63-day rule or amending it to require insurance protections for consumers who enroll in state-based coverage within 63 days *after* becoming TRA eligible. Absent federal action, however, states will need to examine the experience of their own HCTC-eligible residents to determine the extent to which temporary lapses in coverage become more permanent barriers to claiming the HCTC.

More information on the impact of rating protections is also needed. Premiums for Maine's Blue Choice policy are based on community rating, so residents do not pay more for coverage when they are sick. Community rating serves to pool risk and cross-subsidizes premiums for older, sicker people by younger, healthier ones. In Maine, age rating of the Blue Choice policy substantially increases the cost for older people, nearly offsetting the value of the 65 percent HCTC subsidy and likely contributing to the lower rate of participation by Maine retirees in the HCTC. In some other states, no rating

protections apply to state-based HCTC coverage. States must consider how much cross subsidization of premiums in their HCTC risk pool is possible in light of the 65 percent tax subsidy. Without cross subsidization, the tax subsidy may effectively be cancelled for the most vulnerable eligible individuals.

Finally, it is important to consider how the HCTC program and its consumer protections interact with other insurance market rules and people's longer term insurability. People eligible for the HCTC, by definition, are in transition. They have lost their health insurance and need to find new coverage. To succeed, many will need both portability protections and financial assistance. As the HCTC program grows and more states act to create qualified health coverage options, policy makers should consider joining HCTC and HIPAA protections for people leaving group health coverage in order to ensure both temporary help with affordability and long run preservation of portability rights. If coverage gaps inherent in the HCTC program cannot be eliminated, the rules defining coverage continuity could be amended so that people can regain coverage in the future without being penalized for unavoidable lapses. Further, the temporary coverage assistance offered to HCTC-individuals should not come at the expense of HIPAA rights. Congress (or states) might accomplish this by defining people as HIPAA-eligible when they leave HCTC coverage, or Congress might expand HCTC eligibility to include all HIPAA-eligible persons. Other approaches may also be possible.

The HCTC is the latest in a series of incremental reforms enacted to expand health insurance coverage. To the extent incremental steps can follow each other in a common direction, the goals of universal coverage are more likely to be attained.

Endnotes

[1] www.gnpaper.com/history.htm.
[2] Katherine Dostie, Maine Department of Labor, interview, January 27, 2004.
[3] Maine Department of Labor.
[4] Mary Anne Lagasse, "GNP employees await coverage," *Bangor Daily News,* February 27, 2003, p.1.
[5] Wayne Brown, "Retirees listen to health care options," *Bangor Daily News*, March 11, 2003, p.2.
[6] Brown, ibid.
[7] As of November 30, 2003, 7,131 beneficiaries, or 3 percent of the 232,168 eligible beneficiaries, had enrolled in the HCTC advance credit program. Another 3,529 were "actively" in the registration process on that date.
[8] A third category of people eligible for the HCTC are those who are eligible for alternative trade adjustment assistance (ATAA). These individuals have been certified to apply for TAA benefits, are age 50 or older, have become employed again (with a different employer and at a lower wage) on a full-time basis within 26 weeks of becoming a dislocated worker, and earn $50,000 or less in their new job. In lieu of many of the TAA benefits, these people can choose to receive an income supplement equal to half of the difference between their former wage and their new wage, up to a maximum benefit of $10,000 per year for up to two years. Workers receiving ATAA are also eligible for the HCTC. The ATAA is a new program, however, and has not yet been implemented in Maine.
[9] Training requirements can be waived for workers who already have education and skills sufficient to seek other suitable employment. Workers who have training waivers or who have completed retraining can continue to collect TRA benefits.
[10] Prior to the Trade Act of 2002, TAA certified workers were eligible for up to a maximum of 78 weeks of cash benefits (UI plus TRA). Some people eligible for the HCTC today may be collecting TRA benefits under the pre-2002 rules.
[11] In the case of ATAA beneficiaries, however, the HCTC can only be applied to a spouse's employer-sponsored health plan if the ATAA beneficiary is responsible for all of the cost of the premium (unless it is COBRA coverage).
[12] Kaiser Family Foundation and Health Research and Educational Trust, Employer Health Benefits, 2002 Annual Survey.
[13] I.R.C. § 35 (e)(1)(B)-(H).
[14] A qualified state high risk pool is one that meets the requirements under federal law for coverage for HIPAA-eligible individuals and that has been designated by a state as the source of guaranteed coverage for HIPAA-eligible individuals.
[15] I.R.C. § 35 (e)(2)(A)(iii).
[16] I.R.C. § 35 (e)(2)(A)(iv).
[17] Julie Crom, Accenture Stakeholder Relations Management Team Leader, interview, February 13, 2004.
[18] People who pay the full premium for qualified coverage while awaiting enrollment in the HCTC advance credit program can later claim a credit for 65% of that amount when they file their tax returns.
[19] 29 USC 2918(g)(4)(A).
[20] 29 USC 2918(g)(1).
[21] 5 M.R.S. Section 285.
[22] Crom interview.
[23] Internal Revenue Service.
[24] Maine Department of Labor.
[25] Pension Benefit Guaranty Corporation, www.pbgc.gov/publications/databook/2002txt/S3htm. Maine specific data are not available.
[26] Maine Bureau of Insurance, Consumer Guide to Individual Health Insurance, www.state.me.us/pfr/ins/indhlth.htm, downloaded February 2, 2004.
[27] Dostie interview, January 30, 2004.
[28] According to the Bureau of Employment Services data, trade dislocated workers in Maine are less likely than other laid off workers to find new jobs at all, or to find "suitable" employment that pays at least 80% of their former wages and benefits.
[29] Anthony Saucier, "A Year to Learn," *Bangor Daily News*, December 26, 2003.

[30] In Maine, the reach-back program reimburses HCTC eligible beneficiaries for 65 percent of qualified premium expenses dating back to September 1, 2002.
[31] Debra Reitchel, Maine Bureau of Employment Services, interview, January 30, 2004.
[32] Section 2791 of the Public Health Service Act defines "group health plan" as an employee welfare benefit plan as defined in Section 3(1) of ERISA.
[33] Stephen Finan, U.S. Department of Treasury, interview February 25, 2004.
[34] Mary Anne Lagasse, "GNP plan reduces Rx choices. Workers, retirees limited to Bangor area purchases," *Bangor Daily News,* March 6, 2003, p.1.
[35] Sherry Glied, et al., "Bare-Bones Health Plans: Are They Worth the Money?" The Commonwealth Fund Issue Brief, May 2002. Available at www.cmwf.org/programs/insurance/glied_barebones_ib_518.pdf
[36] S. 1693, introduced by Sen. Grassley (R-IA) and Sen. Baucus (D-MT).