



FACT SHEET ABOUT THE HCTC AND THE NEW DELTA COBRA OPTION

*Please note: Those retirees who are **under 65** years old, and are **receiving any payment from the PBGC** are eligible for the Health Coverage Tax Credit (HCTC) which has been discussed elsewhere, and is described in detail at IRS's [HCTC web page](#).*

As you probably know Delta has just announced they will have a one time opportunity for those retirees who were not eligible for COBRA under the 1114 bankruptcy agreement to enroll in an HCTC eligible lifetime COBRA program.

DP3 has been in contact with the HCTC and they have provided us with the following information. Because of the increase in bankruptcy related terminations and changes in the law, they are swamped with calls and were very happy to work with us in order to get your questions answered without additional phone calls where possible. Additionally, they indicated they would contact Delta in the hope of streamlining the application process.

Here is our understanding of the information they gave us. It is also available on the various links associated with their web page above.

1- I don't have the HCTC coverage now, how do I apply?

First you will sign up through the annual benefit election process. Then you will receive a signed COBRA election letter, and an invoice for the first month. It is our hope that DAL will provide these directly to the HCTC, but if they don't we may have to request them. This ball is currently in DAL's court.

When the pension plan was originally suspended you were sent an HCTC application Kit. If you have lost that kit you must call the HCTC for a replacement. This is the one action with the HCTC that can only be done over the phone.

You will then send the application that is in the kit, along with the COBRA letter and the invoice to the HCTC. They are taking up to 6 weeks to process these applications right now. That will be shortened if DAL works with them.

2- If it takes 6 weeks how do I pay for my insurance in the meantime? Will I get paid back?

If the HCTC has not processed your application yet, starting Jan 1, you will pay Delta as if the HCTC didn't exist – normally by check. Once the HCTC has

processed your application, you pay your 20% (until 12/31/2010, then 35%) to the PBGC. They are not forgiving if you are late, but will accept payments ahead. One trustee pays a years worth in advance. The HCTC sends you a monthly statement.

You have 2 ways to recoup your 80% of any payments you make while waiting for your application to be processed: you can include the claim on your tax return, or you can go to the HCTC web page and download a reimbursement form (http://www.irs.gov/pub/irs-utl/hctc_reimbursement_request_form.pdf) and get paid back right away – either by check or credit to your account..

3- I already have a state eligible insurance plan and am receiving the HCTC. Can I switch? How do I do that?

Yes you can. Go on line to http://www.irs.gov/pub/irs-utl/hctc_registration_update_form.pdf

Fill out the form. Print it out. Then you will need the same two documents mentioned above, a signed COBRA election letter, and a current invoice from DAL (see answer 1 for details).

4- The Trade Adjustment Assistance Health Coverage Improvement Act was recently passed as part of the American Recovery and Reinvestment Act of 2009. The HCTC changed as a result of this new law. How do those changes affect me or my spouse?

Go online to <http://www.irs.gov/individuals/article/0,,id=109960,00.html>

Please continue to follow our [web page](#) and [BLOG](#) for updates on this and other issues of importance to retired Delta pilots.