

Overview

Premium Tax Credit eligibility for VEBA participants

Starting in 2014, certain VEBA/HRA (health reimbursement arrangement) participants may qualify for the Premium Tax Credit if they or a family member purchase coverage through a state or federal marketplace exchange and meet all of the eligibility requirements. Go to www.irs.gov/uac/The-Premium-Tax-Credit for more information.

A participant's claims-eligible VEBA account could keep them from qualifying for the Premium Tax Credit. Therefore, if a VEBA participant purchases insurance through a marketplace exchange and believes their VEBA account is the only reason they do not qualify for the Premium Tax Credit, options they may want to consider include:

1. **Using up their VEBA account** (if they will not be receiving any additional contributions);
OR
2. **Electing VEBA Pre-Medicare Limited-Scope coverage** until they become eligible for Medicare;
OR
3. **Electing to permanently forfeit all future reimbursements** from their VEBA account.

The **Pre-Medicare Limited-Scope Coverage Election Form** and **Waiver of Future Reimbursement Election Form** are available online under **Participant Forms** at www.veba.org (state agencies, higher education institutions, K-12) or www.hraveba.org (cities, counties, special purpose districts).

Other factors, besides a participant's VEBA account, could cause them to be ineligible for the Premium Tax Credit. Therefore, unless a participant meets all of the other requirements, they may not need to take any action at all. Also, VEBA participants should know that:

1. If they take the Premium Tax Credit in advance without first using up, limiting, or forfeiting their VEBA account, they may have to pay the Premium Tax Credit back when they file their tax return; and
2. Premiums for coverage purchased through a marketplace exchange may be reimbursed from their VEBA account, unless the premiums are subsidized by the Premium Tax Credit. Premiums subsidized by the Premium Tax Credit may not be reimbursed from any VEBA account.

More information is contained in the **Facts About Premium Tax Credit Eligibility** handout available online under **Quicklinks** at www.veba.org (state agencies, higher education institutions, K-12) or www.hraveba.org (cities, counties, special purpose districts).

VEBA participants with questions can contact VEBA Service Group, a Division of Gallagher Benefit Services, Inc., at 1-800-888-8322. A client consultant or service representative is available to assist them.