

## **SUPPORTING STATEMENT**

Guidance on how a state elects a health program for HCTC

OMB # 1545-1875

### **1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

On August 6, 2002, President Bush signed into law the Trade Act of 2002 ("the Act"), Pub. L. 107-210, 116 Stat. 933 (2002). Title II of the Act contains provisions that make assistance available to certain individuals participating in the Trade Adjustment Assistance program (TAA) or receiving payments from the Pension Benefit Guaranty Corporation (PBGC), to enable them to purchase health insurance. The primary mechanism for such assistance is a federal tax credit that is equal to 65 percent of the amount paid by the eligible individual for coverage for the individual and qualifying family members under qualified health insurance.

This revenue procedure informs states how to elect a health program to be qualified health insurance for purposes of the health coverage tax credit (HCTC) under section 35 of the Internal Revenue Code. The collection of information is voluntary. However, if a state does not make an election, eligible residents of the state may be impeded in their efforts to claim the HCTC.

### **2. USE OF DATA**

The information is to be used by employees of the Internal Revenue Service to determine if a state health insurance program meets the requirements to be considered qualified health insurance for purposes of the HCTC.

### **3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN**

IRS publication, regulations, notices and letters are to be electronically enabled on an as practicable basis in accordance with the IRS Reform and Restructuring Act of 1998.

### **4. EFFORTS TO IDENTIFY DUPLICATION**

We have attempted to eliminate duplication within the agency wherever possible.

5. **METHODS TO MINIMIZE BURDEN ON SMALL BUSINESSES OR OTHER SMALL ENTITIES**

There are no small entities affected by this collection.

6. **CONSEQUENCES OF LESS FREQUENT COLLECTION ON FEDERAL PROGRAMS OR POLICY ACTIVITIES**

This revenue procedure informs states how to elect a health program to be qualified health insurance for purposes of the health coverage tax credit (HCTC) under section 35 of the Internal Revenue Code. The collection of information is voluntary. However, if a state does not make an election, eligible residents of the state may be impeded in their efforts to claim the HCTC.

7. **SPECIAL CIRCUMSTANCES REQUIRING DATA COLLECTION TO BE INCONSISTENT WITH GUIDELINES IN 5 CFR 1320.5(d)(2)**

There are no special circumstances requiring data collection to be inconsistent with Guidelines in 5 CFR 1320.5(d)(2).

8. **CONSULTATION WITH INDIVIDUALS OUTSIDE OF THE AGENCY ON AVAILABILITY OF DATA, FREQUENCY OF COLLECTION, CLARITY OF INSTRUCTIONS AND FORMS, AND DATA ELEMENTS**

Revenue Procedure 2004-12 was published in the **Internal Revenue Bulletin** on March 1, 2004. (2004-9 IRB 528)

In response to the **Federal Register** Notice dated **September 1, 2016, (81 FR 60407)**, we received no comments during the comment period regarding Rev. Proc. 2004-12.

9. **EXPLANATION OF DECISION TO PROVIDE ANY PAYMENT OR GIFT TO RESPONDENTS**

No payment or gift has been provided to any respondents.

10. **ASSURANCE OF CONFIDENTIALITY OF RESPONSES**

Generally, tax returns and tax return information are confidential as required by 26 USC 6103.

11. **JUSTIFICATION OF SENSITIVE QUESTIONS**

A privacy impact assessment (PIA) has been conducted for

information collected under this request as part of the "Affordable Care Act (ACA) 6.1, Coverage Data Repository (CDR) R4.0, CDR" system and a Privacy Act System of Records notice (SORN) has been issued for this system under:

Treas/IRS 24.030 CADE Individual Master File (IMF)--  
Treasury/IRS

Treas/IRS 24.046 BMF

Treas/IRS 34.047 Audit trail and security records system

The Internal Revenue Service PIA's can be found at <http://www.irs.gov/uac/Privacy-Impact-Assessments-PIA>.

Title 26 USC 6109 requires inclusion of identifying numbers in returns, statements, or other documents for securing proper identification of persons required to make such returns, statements, or documents and is the authority for social security numbers (SSNs) in IRS systems.

## **12. ESTIMATED BURDEN OF INFORMATION COLLECTION**

To make an election, a state must provide a letter that contains the following information:

(1) Identifies and is signed by the governor or other state official responsible for implementing this decision, including address and telephone number;

(2) Specifies the category or categories of health coverage chosen by the state (from among the categories described in paragraphs (2) through (8) of section 2.05 of this revenue procedure (state-based continuation coverage or other state-based plans));

(3) Provides the name and policy form number or other unique identifier for each qualifying plan in each category, and provides a name and contact number for the plan administrator or insurance carrier official who can provide additional information, if necessary. This information is required only for coverage described in paragraphs (3) through (8) of section 2.05 of this revenue procedure; it need not be provided for state-based continuation coverage described in paragraph (2) of section 2.05 of this revenue procedure; and

(4) Certifies that the four requirements described in section 2.07 of this revenue procedure are met for each plan being elected under each category.

The estimated annual burden per respondent varies from 1/4 hour to 1 hour, depending on individual circumstances, with an estimated average of 1/2 hour. The estimated number of

annual respondents is 51 respondents. The estimated total annual reporting burden is 26 hours.

**13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS**

As suggested by OMB, our **Federal Register** notice dated **September 1, 2016**, requested public comments on estimates of cost burden that are not captured in the estimates of burden hours, i.e., estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information. However, we did not receive any response from taxpayers on this subject. As a result, estimates of the cost burdens are not available at this time.

**14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT**

There are no estimated annualized costs to the Federal government.

**15. REASONS FOR CHANGE IN BURDEN**

There is no change in the paperwork burden previously approved by OMB. We are making this submission to renew the OMB approval.

**16. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION**

There are no plans for tabulation, statistical analysis and publication.

**17. REASONS WHY DISPLAYING THE OMB EXPIRATION DATE IS INAPPROPRIATE**

We believe that displaying the OMB expiration date is inappropriate because it could cause confusion by leading taxpayers to believe that the revenue procedure sunset as of the expiration date. Taxpayers are not likely to be aware that the Service intends to request renewal of the OMB approval and obtain a new expiration date before the old one expires.

**18. EXCEPTIONS TO THE CERTIFICATION STATEMENT**

There are no exceptions to the certification statement.

**Note:** The following paragraph applies to all of the collections

of information in this submission:

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number. Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.