

**HEALTH INSURANCE PREMIUM TAX CREDIT
PROGRAM GUIDELINES
A.R.S. § 43-210**

Health Insurance Premium Tax Credit

The Health Insurance Premium Tax Credit is a tax credit for a participating health insurance company that enrolls qualified small businesses who were not previously covered by health insurance. The credit amount is passed on to the small business in the form of reduced premiums. The credit is based on the total of \$1,000 per year for employees enrolling in single coverage and \$3,000 per year for employees enrolling in for family coverage (or 50% of the annual premium, whichever is less).

Small Business Applicants:

For a small business to qualify, they must have been in existence in Arizona for at least one year, not have provided health insurance to their employees for at least six consecutive months prior to submitting an application and had at least two but no more than 25 employees during the most recent calendar year. The number of employees includes full-time, part-time and employees that are not eligible for benefits. Furthermore, the small business could not have been issued a prior Certificate of Eligibility.

If there is no money available under the \$5 million credit limit when the application for a certificate is received, the department will notify the applicant they are eligible for the program but they have been placed on a waiting list. Money is released for new applicants throughout the year and a certificate will be issued when money becomes available. To remain eligible for the program, the applicant is unable to enroll in a group health insurance plan in the business name until money becomes available and a certificate is issued.

When funds are available a Certificate of Eligibility will be issued to qualified applicants. The business then has 90 days to obtain coverage with a participating health insurance company or the certificate will expire. The expiration date will be noted on the certificate. Obtaining coverage by the expiration date refers to when the health insurance company has processed the application and issued a group number. Therefore, an effective date of coverage after 90 days is acceptable as long as the group number was issued by the 90 day expiration date. This is a one-time opportunity to participate in this program. If health insurance coverage is not obtained within 90 days, the certificate will expire and a second certificate cannot be issued anytime in the future.

The Certificate of Eligibility should be passed on to your health insurance company at the time you apply for coverage. The certificate confirms your business is eligible to participate in this program and the health insurance company will report your enrollment directly to establish the tax credit.

The final credit amount will be based on the actual number of employees with single or family coverage enrolled on the effective date of coverage but cannot exceed the amount listed on the Certificate of Eligibility. The credit amount is set for a 12-month period. A small business can participate in the program for a maximum of three years.

Renewal applications will be mailed to the business approximately 90 days before their renewal date. A small business will remain eligible if they continue to have at least two employees but no more than 25 employees. Funds will be reserved for a second or third year renewal based on the number of employees enrolled in the prior year. A request to increase the number of employees will be placed on

the waiting list if funds under the \$5 million calendar year cap are not available. If money becomes available prior to the renewal date, a revised certificate will be issued for the requested increase. The business can select a different health insurance company on the effective date of their renewal. However, the business will forfeit any unused balance of reduced premiums if they transfer to another health insurance company mid-year.

If you have questions regarding these procedures, contact healthinsurancepremiumtc@azdor.gov or call (602) 716-6924.