



Setting the Standard for Tax Services

State of Arizona  
Department of Revenue

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**Health Insurance Premium Tax Credit – A.R.S. § 43-210**

The Health Insurance Premium Tax Credit was established as a tax credit against the premium tax liability incurred by a health care insurer for insuring individuals and small businesses who were not previously covered by health insurance.

See forms and [program procedures below](#) - a printable copy of the program procedures can be found by [clicking here](#).

**Available Forms**

Form Name	Get Form	Get Instructions
<b>Small Business</b> - Application for Certificate of Eligibility for the Health Insurance Premium Tax Credit	<a href="#">Download Form</a>	<a href="#">Download Instructions</a>
<b>Individual</b> - Application for Certificate of Eligibility for the Health Insurance Premium Tax Credit	<a href="#">Download Form</a>	<a href="#">Download Instructions</a>
Notification of Health Insurance Coverage	<a href="#">Download Form</a>	<a href="#">Download Instructions</a>

**Program Procedures**

The Health Insurance Premium Tax Credit was established September 21, 2006 as a tax credit for participating health insurance companies against their health insurance premium tax liability for enrolling individuals or small businesses not previously covered by health insurance. The amount of the tax credit (\$1,000 for single coverage and \$3,000 for family coverage or 50% of the annual health insurance premium, whichever is less) is passed on to the individual or small business in the form of reduced premiums.

Applicants must obtain health insurance coverage within 90 days from the Certificate of Eligibility issue date or the Certificate will expire and cannot be reissued. Individuals and small businesses can participate in the program for a maximum of three years. Below is the detailed implementation procedures adopted by the Arizona Department of Revenue (ADOR) to administer this legislation.

1. Individuals and small businesses wanting to apply for a Certificate of Eligibility can obtain an application from ADOR. Applications and instructions are available on the web-site ([www.azdor.gov](http://www.azdor.gov) under the *Tax Credits* link). Applications must be mailed to the post office box listed on the application.
2. After reviewing the application, ADOR will issue a Certificate of Eligibility to a qualified individual or small business on a first come, first served basis unless the \$5 million maximum credit limit per calendar year has been reached.
3. If there is insufficient money under the \$5 million credit limit, ADOR will notify the qualified applicant they have been placed on a waiting list. When money becomes available, a Certificate of Eligibility will be issued. Money must become available and a Certificate of Eligibility issued prior to obtaining health insurance coverage in order to remain eligible to participate in the program.
4. Health insurance must be obtained within 90 days from the Certificate of Eligibility issued date or the Certificate will expire. Regardless of whether an application for health care coverage is in process, the Certificate will expire if a health insurance company has not approved the application and issued health care coverage within 90 days. The 90 day time period to obtain health insurance cannot be extended and the applicant is not eligible to receive a second Certificate of Eligibility.
5. The health insurance company must notify ADOR by the 15<sup>th</sup> day of the month following commencement of health insurance coverage the amount of premium tax credit they intend to claim by submitting a *Notification of Health Insurance Coverage* form.
6. For a small business, the final credit amount will be based on the actual number of employees enrolled on the effective date of coverage but cannot exceed the amount shown on the Certificate of Eligibility. The amount reserved under the \$5 million cap will be adjusted and made available for new applicants if fewer employees obtain coverage than what was originally set aside.
7. If notification is not received from the insurer by the 15<sup>th</sup> day of the month after commencement of coverage, ADOR will consider the Certificate invalid and release the amount reserved for new applicants. ADOR will allow 170 days from the date on the Certificate of Eligibility to declare that the Certificate is invalid.

**Qualifications for Individual Applicants:**

8. For an individual to qualify, the applicant must: (1) earn less than 250% of the federal poverty level, (2) be a legal Arizona resident and a U.S. citizen or a legal resident alien, (3) not have been covered by a health insurance policy for at least 6 consecutive months prior to applying for a Certificate, and (4) not be enrolled in the Arizona Health Care Cost Containment System (AHCCCS), Medicare or any other government health insurance program.
9. The 2011 federal poverty guidelines published by the U.S. Department of Health and Human Services are as follows:

Family Size	Federal Poverty Guideline Gross Yearly Income	Maximum Income to be Eligible for Certificate
1	\$10,890	\$27,224
2	\$14,710	\$36,774
3	\$18,530	\$46,324
4	\$22,350	\$55,874
5	\$26,170	\$65,424
6	\$29,990	\$74,974
7	\$33,810	\$84,524
8	\$37,630	\$94,074
Over 8, add per child	+\$3,820	+\$9,549

10. The amount of the Certificate of Eligibility for an individual is the lesser of: \$1,000 for single coverage, \$3,000 for family coverage, \$500 for coverage per dependent child only; OR 50% of the annual health insurance premium.
11. Family means any of the following: (a) an adult and the adult's spouse, (b) an adult, the adult's spouse and all unmarried dependent children under 19 or under 25 if a full-time student, or (c) an adult and the adult's unmarried dependent children under 19 or age 25 if a full-time student.

**Qualifications for Small Business Applicants:**

12. For a small business to qualify, the applicant must: (1) have been in existence in Arizona for at least one year, (2) not provided health insurance to its employees for at least 6 consecutive months prior to application, and (3) had at least 2 but no more than 25 employees (total full-time and part-time employees whether eligible for benefits or not) during the most recent calendar year.
13. The amount of the Certificate of Eligibility is based on \$1,000 for single coverage, \$3,000 for family coverage; OR 50% of the annual health insurance premium, whichever is less. The final credit amount will be determined by the actual enrollment at commencement of coverage but cannot exceed the amount indicated on the Certificate of Eligibility.
14. Family means any of the following: (a) an employee and the employee's spouse, (b) an employee, the employee's spouse and all unmarried dependent children under 19 or under 25 if a full-time student, or (c) an employee and the employee's unmarried dependent children under 19 or age 25 if a full-time student.

**Second and Third Year Renewals:**

15. Sixty days before the end of the 12 month period, ADOR will mail a renewal application to individuals or small businesses. An individual applicant must continue to earn no more than 250% of the federal poverty level and a small business must continue to have at least two employees but no more than 25 employees.
16. A renewal Certificate will be issued to qualified applicants for year two and year three. Individuals and small businesses can participate in the program for a maximum of three years.
17. A small business can request an increase in the number of employees on the renewal application. ADOR will increase the amount of the renewal Certificate only if there is sufficient money available under the \$5 million credit limit. If there is a waiting list at the time the renewal application is processed, a renewal Certificate will be issued based on the reserved amount. The request for an increase will be placed on a waiting list. If money becomes available prior to the renewal date, a revised Certificate will be issued to accommodate the increase.
18. Selecting a different health insurance company can only be done on the effective date of the renewal as the health insurance company is entitled to claim 100% of the annual credit amount based on the effective date of enrollment. The applicant will forfeit any unused balance of reduced premiums if they transfer to a different health insurance carrier mid-year.

If you have questions, contact Darlene Teller at (602) 716-6436.