

State of Arizona
House of Representatives
Forty-seventh Legislature
Second Regular Session
2006

HOUSE BILL 2177

AN ACT

AMENDING TITLE 20, CHAPTER 2, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 20-224.05; AMENDING TITLE 43, CHAPTER 2, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-210; MAKING APPROPRIATIONS; RELATING TO HEALTH INSURANCE PREMIUM TAX CREDITS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Title 20, chapter 2, article 1, Arizona Revised Statutes,
3 is amended by adding section 20-224.05, to read:
4 20-224.05. Premium tax credit for health insurance certificates
5 submitted by qualified persons; definitions
6 A. FROM AND AFTER DECEMBER 31, 2006, AN ANNUAL TAX CREDIT IS ALLOWED
7 AGAINST THE PREMIUM TAX LIABILITY INCURRED BY A HEALTH CARE INSURER PURSUANT
8 TO SECTION 20-224, 20-837 OR 20-1060 FOR AN INDIVIDUAL OR A SMALL BUSINESS
9 THAT HAS RECEIVED A CERTIFICATE FROM THE DEPARTMENT OF REVENUE PURSUANT TO
10 SECTION 43-210 AND OBTAINED HEALTH INSURANCE FROM A HEALTH CARE INSURER
11 WITHIN NINETY DAYS AFTER THE DATE THE CERTIFICATE WAS ISSUED.
12 B. FOR COVERAGE ISSUED TO AN INDIVIDUAL, THE AMOUNT OF THE CREDIT IS
13 THE LESSER OF:
14 1. ONE THOUSAND DOLLARS FOR COVERAGE ON A SINGLE PERSON, FIVE HUNDRED
15 DOLLARS FOR COVERAGE ON A CHILD OR THREE THOUSAND DOLLARS FOR FAMILY
16 COVERAGE.
17 2. FIFTY PER CENT OF THE HEALTH INSURANCE PREMIUM.
18 C. FOR COVERAGE ISSUED TO A SMALL BUSINESS, THE AMOUNT OF THE CREDIT
19 IS THE LESSER OF:
20 1. ONE THOUSAND DOLLARS FOR COVERAGE ON A SINGLE PERSON OR THREE
21 THOUSAND DOLLARS FOR EACH EMPLOYEE WHO ELECTS FAMILY COVERAGE.
22 2. FIFTY PER CENT OF THE HEALTH INSURANCE PREMIUM.
23 D. IF THE ALLOWABLE TAX CREDIT EXCEEDS THE STATE PREMIUM TAX
24 LIABILITY, THE AMOUNT OF THE CLAIM NOT USED AS AN OFFSET AGAINST THE STATE
25 PREMIUM TAX LIABILITY MAY BE CARRIED FORWARD AS A TAX CREDIT AGAINST
26 SUBSEQUENT YEARS' STATE PREMIUM TAX LIABILITY FOR A PERIOD NOT TO EXCEED FIVE
27 TAXABLE YEARS OR REFUNDED AS ALLOWED UNDER SECTION 20-224.02.
28 E. THE DEPARTMENT MAY ADOPT RULES NECESSARY FOR THE ADMINISTRATION OF
29 THIS SECTION.
30 F. FOR THE PURPOSES OF THIS SECTION:
31 1. "FAMILY" MEANS ANY OF THE FOLLOWING:
32 (a) AN ADULT AND THE ADULT'S SPOUSE.
33 (b) AN ADULT, THE ADULT'S SPOUSE AND ALL UNMARRIED DEPENDENT CHILDREN
34 UNDER NINETEEN YEARS OF AGE OR UNDER TWENTY-FIVE YEARS OF AGE IF A FULL-TIME
35 STUDENT.
36 (c) AN ADULT AND THE ADULT'S UNMARRIED DEPENDENT CHILDREN UNDER
37 NINETEEN YEARS OF AGE OR UNDER TWENTY-FIVE YEARS OF AGE IF A FULL-TIME
38 STUDENT.
39 2. "HEALTH CARE INSURER" MEANS A DISABILITY INSURER, GROUP DISABILITY
40 INSURER, BLANKET DISABILITY INSURER, HEALTH CARE SERVICES ORGANIZATION,
41 HOSPITAL SERVICE CORPORATION, MEDICAL SERVICE CORPORATION OR HOSPITAL,
42 MEDICAL, DENTAL AND OPTOMETRIC SERVICE CORPORATION THAT PROVIDES HEALTH
43 INSURANCE IN THIS STATE.

1 3. "HEALTH INSURANCE" MEANS A LICENSED HEALTH CARE PLAN OR ARRANGEMENT
2 THAT PAYS FOR OR FURNISHES MEDICAL OR HEALTH CARE SERVICES AND THAT IS ISSUED
3 BY A HEALTH CARE INSURER.

4 4. "SMALL BUSINESS" MEANS A BUSINESS THAT HAS BEEN IN EXISTENCE FOR AT
5 LEAST ONE CALENDAR YEAR IN THIS STATE, THAT HAS NOT PROVIDED HEALTH INSURANCE
6 TO ITS EMPLOYEES FOR AT LEAST SIX MONTHS AND THAT HAD BETWEEN TWO AND
7 TWENTY-FIVE EMPLOYEES DURING THE MOST RECENT CALENDAR YEAR.

8 G. A HEALTH CARE INSURER ALLOWED A CREDIT AGAINST ITS PREMIUM TAX
9 LIABILITY UNDER THIS SECTION SHALL NOT BE REQUIRED TO PAY ANY ADDITIONAL
10 RETALIATORY TAX LEVIED PURSUANT TO SECTION 20-230 AS A RESULT OF CLAIMING THE
11 CREDIT.

12 Sec. 2. Title 43, chapter 2, article 1, Arizona Revised Statutes, is
13 amended by adding section 43-210, to read:

14 43-210. Premium tax credit; health insurance; certification of
15 qualified persons; definitions

16 A. THE DEPARTMENT SHALL ISSUE A CERTIFICATE OF ELIGIBILITY TO A PERSON
17 WHO FILES AN APPLICATION WITH THE DEPARTMENT IN THE FORM AND MANNER
18 PRESCRIBED BY THE DEPARTMENT ON A FIRST COME, FIRST SERVED BASIS, SUBJECT TO
19 SUBSECTION C. A PERSON IS ENTITLED TO RECEIVE A CERTIFICATE IF THE
20 DEPARTMENT DETERMINES MONIES ARE AVAILABLE FOR THIS PROGRAM PURSUANT TO
21 SUBSECTION C, THE PERSON HAS NEVER BEFORE RECEIVED A CERTIFICATE AND THE
22 PERSON IS EITHER:

23 1. A SMALL BUSINESS.

24 2. AN INDIVIDUAL WHO SATISFIES ALL OF THE FOLLOWING:

25 (a) EARNS LESS THAN THREE HUNDRED PER CENT OF THE FEDERAL POVERTY
26 LEVEL.

27 (b) IS A RESIDENT OF THIS STATE.

28 (c) HAS NOT BEEN COVERED UNDER A HEALTH INSURANCE POLICY FOR AT LEAST
29 SIX CONSECUTIVE MONTHS BEFORE THE APPLICATION.

30 (d) IS NOT ENROLLED IN THE ARIZONA HEATH CARE COST CONTAINMENT SYSTEM,
31 MEDICARE OR ANY OTHER STATE OR FEDERAL GOVERNMENT HEALTH INSURANCE PROGRAM.

32 B. A HEALTH CARE INSURER THAT ENROLLS AN INDIVIDUAL OR SMALL BUSINESS
33 CERTIFIED PURSUANT TO THIS SECTION SHALL DEDUCT THE AMOUNT OF THE CERTIFICATE
34 FROM THE PREMIUM.

35 C. FOR AN INDIVIDUAL, THE AMOUNT OF THE CERTIFICATE IS THE LESSER OF:

36 1. ONE THOUSAND DOLLARS FOR COVERAGE ON A SINGLE PERSON, FIVE HUNDRED
37 DOLLARS FOR COVERAGE ON A CHILD OR THREE THOUSAND DOLLARS FOR FAMILY
38 COVERAGE.

39 2. FIFTY PER CENT OF THE HEALTH INSURANCE PREMIUM.

40 D. FOR A SMALL BUSINESS, THE AMOUNT OF THE CERTIFICATE IS THE LESSER
41 OF:

42 1. ONE THOUSAND DOLLARS FOR COVERAGE ON EACH SINGLE EMPLOYEE OR THREE
43 THOUSAND DOLLARS FOR EACH EMPLOYEE WHO ELECTS FAMILY COVERAGE.

44 2. FIFTY PER CENT OF THE HEALTH INSURANCE PREMIUM.

1 E. A HEALTH CARE INSURER THAT ENROLLS AN INDIVIDUAL OR SMALL BUSINESS
2 CERTIFIED PURSUANT TO THIS SECTION SHALL NOTIFY THE DEPARTMENT OF THE
3 ENROLLMENT AND THE AMOUNT OF PREMIUM TAX CREDIT THEY INTEND TO CLAIM FOR THE
4 CURRENT CALENDAR YEAR NO LATER THAN THE FIFTEENTH DAY OF THE MONTH FOLLOWING
5 COMMENCEMENT OF COVERAGE. THE DEPARTMENT SHALL NOT ISSUE ANY CERTIFICATES TO
6 AN INDIVIDUAL OR SMALL BUSINESS FOR ANY CALENDAR YEAR IF THE AMOUNT OF
7 CERTIFICATES ISSUED FOR THE CALENDAR YEAR EQUALS TWENTY MILLION DOLLARS.

8 F. THE INITIAL CERTIFICATE IS VALID FOR A PERIOD OF THIRTY DAYS AFTER
9 THE DATE THE DEPARTMENT ISSUES THE CERTIFICATE. IF THE INDIVIDUAL OR SMALL
10 BUSINESS APPLIES FOR HEALTH CARE INSURANCE WITHIN THIS PERIOD OF TIME THE
11 CERTIFICATE IS VALID FOR ONE YEAR FROM COMMENCEMENT OF COVERAGE.

12 G. SIXTY DAYS BEFORE THE EXPIRATION OF THE CERTIFICATE THE DEPARTMENT
13 SHALL REVIEW THE STATUS OF THE INDIVIDUAL OR SMALL BUSINESS. IF THE
14 INDIVIDUAL OR SMALL BUSINESS CONTINUES TO MEET THE QUALIFICATIONS OF THIS
15 SECTION, THE DEPARTMENT SHALL REISSUE THE CERTIFICATE OF ELIGIBILITY.

16 H. INDIVIDUALS AND SMALL BUSINESSES ARE ELIGIBLE FOR A MAXIMUM OF TWO
17 REISSUED CERTIFICATES OF ELIGIBILITY.

18 I. THIS SECTION DOES NOT GUARANTEE HEALTH INSURANCE COVERAGE TO AN
19 INDIVIDUAL OR SMALL BUSINESS PURSUANT TO THIS SECTION.

20 J. FOR THE PURPOSES OF THIS SECTION:

21 1. "FAMILY" MEANS ANY OF THE FOLLOWING:

22 (a) AN ADULT AND THE ADULT'S SPOUSE.

23 (b) AN ADULT, THE ADULT'S SPOUSE AND ALL UNMARRIED DEPENDENT CHILDREN
24 UNDER NINETEEN YEARS OF AGE OR UNDER TWENTY-FIVE YEARS OF AGE IF A FULL-TIME
25 STUDENT.

26 (c) AN ADULT AND THE ADULT'S UNMARRIED DEPENDENT CHILDREN UNDER
27 NINETEEN YEARS OF AGE OR UNDER TWENTY-FIVE YEARS OF AGE IF A FULL-TIME
28 STUDENT.

29 2. "FEDERAL POVERTY LEVEL" MEANS THE FEDERAL POVERTY LEVEL GUIDELINES
30 PUBLISHED ANNUALLY BY THE UNITED STATES DEPARTMENT OF HEALTH AND HUMAN
31 SERVICES.

32 3. "HEALTH CARE INSURER" MEANS A DISABILITY INSURER, GROUP DISABILITY
33 INSURER, BLANKET DISABILITY INSURER, HEALTH CARE SERVICES ORGANIZATION,
34 HOSPITAL SERVICE CORPORATION, MEDICAL SERVICE CORPORATION OR HOSPITAL AND
35 MEDICAL SERVICE CORPORATION THAT PROVIDES HEALTH INSURANCE IN THIS STATE.

36 4. "HEALTH INSURANCE" MEANS A LICENSED HEALTH CARE PLAN OR ARRANGEMENT
37 THAT PAYS FOR OR FURNISHES MEDICAL OR HEALTH CARE SERVICES AND THAT IS ISSUED
38 BY A HEALTH CARE INSURER.

39 5. "SMALL BUSINESS" MEANS A BUSINESS THAT HAS BEEN IN EXISTENCE FOR AT
40 LEAST ONE CALENDAR YEAR IN THIS STATE, THAT HAD NOT PROVIDED HEALTH INSURANCE
41 TO ITS EMPLOYEES FOR AT LEAST SIX CONSECUTIVE MONTHS BEFORE THE APPLICATION
42 AND HAD AT LEAST TWO AND NO MORE THAN TWENTY-FIVE EMPLOYEES DURING THE MOST
43 RECENT CALENDAR YEAR.

1 Sec. 3. Reporting requirement; termination

2 A. The department of revenue and the department of insurance shall
3 make information relating to the premium tax credit prescribed by section
4 20-224.05, Arizona Revised Statutes, as added by this act, available to the
5 legislative council.

6 B. The legislative council shall submit a report semiannually to the
7 president of the senate and the speaker of the house of representatives
8 containing the following information:

9 1. The number of small businesses and individuals who obtained a
10 certificate of eligibility from the department of revenue.

11 2. A review of the premiums charged by health care insurers for each
12 certificate of eligibility.

13 3. An analysis of client satisfaction.

14 4. The average annual income of individuals who obtained a certificate
15 of eligibility.

16 5. The average premium charged by health care insurers.

17 6. Other information necessary to analyze and evaluate the impact on
18 the accessibility of obtaining health insurance for small businesses and
19 individuals as a result of this act.

20 C. The reporting requirements of this section end on December 31,
21 2008.

22 Sec. 4. Appropriations; tax credit administration; exemption

23 A. The sum of \$75,000 is appropriated from the state general fund in
24 fiscal year 2006-2007 to the department of revenue for the department's
25 administration of tax credits under section 43-210, Arizona Revised Statutes,
26 as added by this act.

27 B. The sum of \$30,000 is appropriated from the state general fund in
28 each of fiscal years 2007-2008, 2008-2009, 2009-2010 and 2010-2011 to the
29 department of revenue for the department's administration of tax credits
30 under section 43-210, Arizona Revised Statutes, as added by this act.

31 C. The appropriations made in this section are exempt from the
32 provisions of section 35-190, Arizona Revised Statutes, relating to lapsing
33 of appropriations.