



The Health Insurance Partnership (HIP)

Providing Access to Affordable Health Care for Small Businesses in Washington State

Small businesses are an important part of our community, employing over 1.3 million people across Washington State¹. Because of the mounting costs of health care, however, many of these companies find it difficult to offer insurance coverage to their employees. Approximately 17 percent of small businesses (*less than 50 employees*) do not offer health insurance to their full time employees². To help small business owners contribute to this vital protection for their employees, the Washington State Legislature and Governor Chris Gregoire have created the Health Insurance Partnership (HIP). HIP combines public and private resources to help small employers and their employees purchase health insurance coverage through the commercial market.

How does HIP work?

HIP provides Washington small employers access to health insurance coverage at a lower employer contribution rate than in the traditional small group health insurance market. HIP also offers a premium subsidy to eligible employees, based on their family income.

Who can enroll?

Small employers (with 2-50 employees) can enroll in HIP if they do not currently offer health insurance coverage to their employees, and if at least 50% of their employees are low-wage. To be considered low-wage, an employee cannot make more than \$10.00/hour or \$1,733.41/monthly.

How do small employers qualify for the HIP?

Employers enrolled in HIP must agree to purchase their health insurance coverage through the program and establish a Section 125 plan. This plan allows employers to deduct payments for health insurance premiums from employees' pay on a pre-tax basis, thus lowering both the employees' taxable income and the employer's payroll tax obligation.

At least 75% of a business's eligible employees must purchase the health insurance coverage and employers must contribute at least 40% toward their employees' premiums. Employers are not required to make a contribution toward spouse or dependent coverage.

Who is eligible for a subsidy?

Employees who are Washington State residents with a gross family income at or below 200% of the Federal Poverty Level may be eligible to have a portion of their premium obligation subsidized. Income maximums are based on the number of people in a family. For example, beginning January 2009, the maximum monthly income for an individual will be \$1,733.41. For a family of four, the maximum monthly income will be \$3,533.50. The amount of subsidy an employee receives is dependent on the gross family income.

What health plans are available through the HIP?

HIP offers health plans selected from those available in the small group market; these plans range from low-cost, high-deductible plans to comprehensive coverage. Employers select from this group of health plans and all participating employees enroll in the same plan.

When will HIP start?

HIP will begin accepting applications for enrollment on January 1, 2009. Health insurance coverage will begin on March 1, 2009.

How do I get more information?

For more information about HIP, visit: www.hip.hca.wa.gov or call Heather Masters at (360) 923-2937.

¹ Small Business Profile, Washington, 2007. U.S. Small Business Administration, Office of Advocacy.

² Labor Market and Economic Analysis, March 2008. Washington State Employment Security Department.