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**Health Care & Wellness Committee**

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**HB 1560**

**Brief Description:** Concerning the health insurance partnership.

**Sponsors:** Representatives Cody and Jenkins.

**Brief Summary of Bill**

- Expands eligibility for the Health Insurance Partnership by raising the income threshold to 300 percent of the Federal Poverty Level and eliminating low-wage worker requirements for small employers.

**Hearing Date:** 2/7/11

**Staff:** Chris Blake (786-7392).

**Background:**

The Health Care Authority administers the Health Insurance Partnership (HIP). The HIP offers premium subsidies to the employees of small employers who employ mostly low-wage workers. Specifically, the small employer must (1) not currently offer insurance benefits, (2) have no more than 50 employees, and (3) at least half of the employer's work force must consist of low-wage workers. To participate in the HIP, the small employer must enroll at least 75 percent of its employees and contribute at least 40 percent of the cost of premiums. In addition, the employer must establish a cafeteria plan that allows employees to use pretax dollars to pay their share of the health benefit plan premium. Employees of participating small employers may be eligible for a subsidy for their portion of the premiums if they are Washington residents and they have a family income that is less than 200 percent of the Federal Poverty Level. Subsidies are to be based upon a sliding scale depending on income.

The HIP was created by the Legislature in 2007 and was originally due to begin accepting applications on January 1, 2009. In 2009 the program was suspended until January 1, 2011, subject to available funding. In August 2009 the federal government approved a five-year grant to the Health Care Authority, through the Office of Financial Management, which would begin

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funding subsidies from January 1, 2011 through 2014. Enrollment in the plan began on September 1, 2010 and coverage began on January 1, 2011.

**Summary of Bill:**

The family income level of a person eligible for a subsidy under the Health Insurance Partnership (HIP) is increased from 200 percent of the Federal Poverty Level (FPL) to 300 percent of the FPL. The requirement that at least half of a participating small employer's workforce be low-wage workers is removed. The requirement that participating small employers establish a cafeteria plan that allows employees use pretax dollars to pay for health benefit plan premiums is eliminated.

The prohibition on limiting an employee's choice of coverage within the HIP is removed.

It is clarified that funding for the HIP may come from federal sources.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.