

## PREMIUM ASSISTANCE PROGRAMS

Many states use premium assistance programs to enhance health insurance rates by subsidizing employer premiums. Premium assistance programs are targeted at low-income families and typically use Medicaid or State Children's Health Insurance Program (SCHIP) funds. The appeal of these programs is that they encourage participation in private coverage, thereby bolstering rates of private coverage, reducing crowd-out, and leveraging employer contributions. States can design premium assistance programs in accordance with Section 1906 of the Social Security Act, with Section 1115 Medicare waiver authority, or with both.

Section 1906 requires that the cost of enrollment in the premium assistance program is less than the cost of enrolling the individuals into public programs. States are required to provide enrollees in premium assistance programs the same level of benefits the individuals would have under Medicaid and at the same cost.

Under Section 1115 waiver authority, states can expand eligibility to premium assistance programs, and they do not have to adhere to Medicaid benefit structures or cost-sharing requirements. [Click here](#) for more information about state programs under Section 1906 and 1115.

The following SHARE studies will incorporate an analysis of premium assistance programs in their evaluations of health reform. To read more about these studies, click on the titles below:

- ⇒ [How Affordable are State Coverage Plans?](#)  
*Elizabeth Kilbreth, PhD., and Katherine Swartz, PhD.*
- ⇒ [Evaluating Small Group Employer Participation in New Mexico's SCI Program](#)  
*Anna S. Sommers, PhD., and Mari Spaulding-Bynon, JD*
- ⇒ [Achieving Universal Coverage through Comprehensive Health Reform: the Vermont Experience](#)  
*Ron Deprez, PhD., and Sherry Glied, PhD.*
- ⇒ [An Evaluation of the Impacts of State Health Reform Initiatives in IL, MA, and NY](#)  
*Sharon Long, PhD., and Alshadye Yemane, PhD.*

**Please continue reading to learn about the specific premium assistance programs offered by states.**

STATE	PROGRAM DESCRIPTION	1906	1115	OTHER PROGRAM
Arkansas	<a href="#">ARHealthNetworks</a> <i>ARHealthNetworks is a limited-benefit plan for small employers who don't currently offer insurance to their employees. Enrollment for low-income employees is mandatory if a qualifying business chooses to participate (unless they provide evidence of other coverage).</i>		X	
California	<a href="#">Health Insurance Premium Payment (HIPP)</a> <i>California's HIPP subsidizes the cost of private insurance for Medi-Cal (Medicaid)-eligible residents when such private plans are deemed cost-effective.</i>	X		
Colorado	<a href="#">Child Health Plan Plus (CHP+)</a> <i>Under CHP+, premium assistance is available to children in families up to a certain percentage FPL, to help subsidize coverage under their parents' employer-based insurance.</i>		X	
Florida	<a href="#">Florida Medicaid</a> <i>Under Florida Medicaid's 1115 Waiver, Medicaid premiums can be applied to employer-sponsored insurance coverage <u>in select counties</u>.</i>		X	
Idaho	<a href="#">Access to Health Insurance (AHI)</a> <i>AHI was implemented in 2005 to help subsidize the cost of private insurance for low-income employees of qualified small businesses.</i> <i>Under AHI, children are also eligible for partial premium reimbursement; In place of joining CHIP in Idaho, eligible children can instead receive monthly reimbursement to cover part of all of the cost for the child to enroll in private insurance.</i>		X	
Illinois	<a href="#">All Kids or FamilyCare Rebate</a> <i>Illinois' 1115 Waiver allows for a monthly rebate to be paid to families with limited income (below 200% FPL) who pay for private or employer-sponsored healthcare. Eligibility levels are lower for single adults.</i>		X	
Iowa	<a href="#">Health Insurance Premium Payment (HIPP)</a> <i>Iowa's HIPP program helps individuals eligible for Medicaid enroll in cost-effective private insurance programs through premium subsidies.</i>	X		

STATE	PROGRAM DESCRIPTION	1906	1115	OTHER PROGRAM
Kansas	<p><a href="#">CHIP Expansion</a></p> <p><i>As part of the CHIP expansion, the state will pay for the employee portion of dependant coverage for eligible children in employer-sponsored insurance if such coverage is determined to be cost-effective.</i></p> <p><a href="#">Health Insurance Premium Payment System (HIPPS)</a></p> <p><i>The State provides premium and cost-sharing assistance to Medicaid and MediKan clients toward available employer-sponsored insurance when such insurance is determined to be cost-effective.</i></p>	X		X
Kentucky	<p><a href="#">Insurance Coverage, Affordability, and Relief to Small Employers (ICARE)</a></p> <p><i>ICARE, enacted in 2006, is a pilot program that helps qualified small employers pay for low-income employee premiums. dependents can receive health care through ICARE-funded insurance programs, but do not qualify for subsidies.</i></p> <p><a href="#">Kentucky Medicaid</a> premium assistance</p> <p><i>Enrollees in Kentucky's Medicaid program can receive credit toward employer-sponsored insurance, with proof that the insurance option is cost-effective.</i></p>	X		X
Louisiana	<p><a href="#">Louisiana Health Insurance Premium Payment (LaHIPP)</a></p> <p><i>LaHIPP helps subsidize employer-based insurance premiums for Medicaid-eligible Louisiana residents and their families.</i></p> <p><a href="#">Health Insurance Continuation Program (HCIP)</a></p> <p><i>HCIP provides premium assistance for private coverage to individuals with HIV/AIDS who cannot afford health insurance (up to 300% FPL) or are unable to work. HCIP utilizes Ryan White CARE Act Part B funds.</i></p>	X		X
Maine	<p><a href="#">DirigoChoice</a></p> <p><i>Part of Maine's 2003 health reform, DirigoChoice provides access to private insurance for small employers, the self-employed, and individuals without access to employer-based insurance. Individuals must have a family income below 300% FPL, and employers must have 2050 income-eligible employees. Employer contribution must be a minimum of 60% of the premium cost (not applicable to dependent coverage). Employee/individual premium payments are calculated using a sliding scale based on income and family size.</i></p>			X

STATE	PROGRAM DESCRIPTION	1906	1115	OTHER PROGRAM
<b>Maryland</b>	<p><a href="#">Working Families and Small Business Health Coverage Act</a></p> <p><i>This act provides premium subsidies to help low-wage small businesses (2-9 employees) offer coverage. The average wage provided must be below \$50K annually. The subsidy will be shared between the employer and the employee, based on the contribution each makes toward the cost of premiums.</i></p>			X
<b>Massachusetts</b>	<p><a href="#">Commonwealth Care</a></p> <p><i>Commonwealth Care (“CommCare”) provides premium subsidies to income-eligible residents (i.e., with incomes under 300% FPL) who purchase insurance in the individual market. <a href="#">MassHealth</a></i></p> <p><i>The MassHealth program provides premium assistance for low-income workers of qualified small employers.</i></p>	X		
<b>Minnesota</b>	<p><a href="#">Medical Assistance (MA)</a></p> <p><i>Some MA enrollees are able to direct MA to pay their private insurance premiums.</i></p>	X		
<b>Montana</b>	<p><a href="#">Insure Montana Purchasing Pool</a></p> <p><i>The Insure Montana Purchasing Pool provides subsidies to both employers and employees when qualified small businesses offer insurance coverage for the first time. Employers must pay 25% of the premium, and 20% to 90% of the remaining amount is subsidized, depending on the employee’s income. <a href="#">Montana Medicaid Initiative 155</a></i></p> <p><i>In late 2008, Initiative 155 created the Healthy Kids Montana plan, part of which grants premium assistance to income-eligible individuals wishing to add their children to employer-sponsored insurance plans.</i></p>	X		X
<b>Nevada</b>	<p><a href="#">Nevada Check Up Plus</a></p> <p><i>Nevada CheckUp Plus provides premium assistance to low-income parents (below 200% FPL) to help them purchase private insurance for themselves through qualified small employers. Qualified employers have 2-50 employees and pay at least 50% of their employees’ monthly premiums. This program only provides assistance for parent coverage, not for dependent coverage.</i></p>		X	
<b>New Hampshire</b>	<p><a href="#">Health Insurance Premium Payment (HIPP)</a></p> <p><i>New Hampshire residents who are eligible for Medicaid may receive assistance to help pay for private, cost-effective insurance</i></p>	X		

STATE	PROGRAM DESCRIPTION	1906	1115	OTHER PROGRAM
	<i>coverage, as well as some co-pays and deductibles.</i>			
<b>New Mexico</b>	<p><a href="#">Premium Assistance for Kids (PAK)</a></p> <p><i>PAK provides premium assistance for low-income, uninsured children under age 12, who are not eligible for Medicaid or CHIP, toward the purchase of commercial health insurance coverage.</i></p>		<b>X</b>	
<b>New York</b>	<p><a href="#">HealthyNY</a> Low-income individuals, the self-employed, and small businesses can join the Healthy NY program to purchase insurance coverage at a reduced rate. To participate, employers must cover at least 50% of the premium. Income eligibility depends on whether the applicant is an individual, a sole proprietor, or a small business.</p>			<b>X</b>
<b>Oklahoma</b>	<p><a href="#">Oklahoma Employer/Employee Partnership for Insurance Coverage (O-EPIC)</a></p> <p><i>O-EPIC helps subsidize coverage for low-income employees (at or below 200% FPL) of qualified small businesses. Employers must cover at least 25% of each participating employee's premiums, and employees are responsible for up to 15% of their premiums, depending on income. The program is also available to unemployed and self-employed individuals who do not qualify for other public programs.</i></p>		<b>X</b>	
<b>Oregon</b>	<p><a href="#">Family Health Insurance Assistance Program (FHIAP)</a></p> <p><i>FHIAP provides subsidies of 50 to 95 percent toward the purchase of private or employer-sponsored insurance coverage for adults and children meeting certain income eligibility requirements.</i></p> <p><a href="#">"Healthy Kids" legislation</a></p> <p><i>On August 4, Oregon Governor Ted Kulongoski signed the "Healthy Kids" bill, expanding insurance coverage for the state's children. Children up to age 19 with family income between 200% and 300% FPL will be eligible to receive premium assistance toward coverage through one of two insurance models: a cost-share model with employers, called the Oregon Health Plan, or a newly-created state-sponsored private insurance model. Children in families above 300% FPL will be able to buy into the private plan at the full, unsubsidized cost.</i></p>		<b>X</b>	
<b>Rhode Island</b>	<p><a href="#">Rite Share</a></p> <p><i>Rite Share pays for all or part of the employee share of premiums</i></p>	<b>X</b>		

STATE	PROGRAM DESCRIPTION	1906	1115	OTHER PROGRAM
	<i>for employer-sponsored insurance for Medicaid-eligible workers.. Rite Share also pays for the employee's co-payments under the employer's health insurance plan.</i>			
Texas	<p><a href="#">Health Insurance Premium Payment (HIPP)</a> Texas' HIPP program reimburses individuals or employers for private health insurance premiums paid for Medicaid-eligible person,s when it is cost-effective to do so. Family members who are not eligible for Medicaid might be eligible for HIPP coverage as well.</p> <p><a href="#">State Kids' Insurance Program (SKIP)</a> SKIP helps subsidize benefits for children of income-eligible state employees (i.e., those at or below 200% FPL). Children of Medicaid-eligible employees are not eligible for SKIP.</p>	X		X
Utah	<p><a href="#">Utah's Premium Partnership for Health Care (UPP)</a> UPP provides partial premium reimbursement for employer-based insurance coverage to adults and children (up to certain percentages of FPL) when premiums exceed 5% of total income. Qualified individuals and families may receive up to \$150 per adult each month and up to \$100 per child each month.</p>		X	
Vermont	<p><a href="#">Catamount Health</a> Catamount Health is a result of Vermont's 2006 health reform. Sliding scale premium subsidies are available to help uninsured individuals and families pay for the Catamount Healt insurance plan. Eligible families have incomes up to 300% FPL, do not qualify for Medicaid, and do not have access to employer-based insurance. .</p> <p><a href="#">Employer Sponsored Health Insurance (ESI) Premium Assistance Program</a> Vermont's ESI program helps subsidize the cost of private and employer-based insurance when it is more cost-efficient than enrolling in Vermont's public programs.</p>		X	X
Virginia	<p><a href="#">Health Insurance Premium Payment (HIPP)</a> Virginia's HIPP uses Medicaid payments to help Medicaid-eligible individuals pay for employer-based insurance premiums.</p> <p><a href="#">FAMIS Select</a> FAMIS Select provides premium assistance for children's coverage under their parents' employer-based insurance.</p>	X	X	
Washington	<p><a href="#">Basic Health</a></p>			

STATE	PROGRAM DESCRIPTION	1906	1115	OTHER PROGRAM
-------	---------------------	------	------	---------------

	<i>BasicHealth provides premium assistance to income-eligible residents who enroll in private insurance plans, with differing premium rates based on income and the specific health plan chosen.</i>			X
--	--	--	--	---

Sources: National Academy for State Health Policy ([www.nashp.org](http://www.nashp.org)), National Conference of State Legislatures ([www.ncsl.org](http://www.ncsl.org)), Kaiser Family Foundation ([www.kff.org](http://www.kff.org)), and State Coverage Initiatives ([www.statecoverage.org](http://www.statecoverage.org)), and state program websites (links above)