



# Common Roadblocks for Association Health Plans

## **B** *Barrier: The creation roadblock*

For the first time, companies in otherwise unrelated fields—for instance, a restaurant and a realtor—may now band together to buy the same kind of health insurance as their larger competitors. But without clarity from states, many of these businesses are less likely to spend time and money forming association health plans (AHPs). Some states make it difficult to even create AHPs at all.

## **S** *Solution: States should work to remove roadblocks which discourage the creation of new AHPs and clarify existing laws to encourage business owners to join together to provide affordable health insurance.*

## **B** *Barrier: The business owner roadblock*

Many business owners run a small firm with only their spouses. These companies were previously unable to purchase group insurance and were forced to join the expensive individual market. But thanks to recent changes, these individuals may now join AHPs and save as much as \$10,000 per year. Unfortunately, some states lack clarity, and that lack of clarity may prevent these individuals from joining an AHP.

## **S** *Solution: States should clarify existing laws to give these families access to affordable health insurance.*

## **B** *Barrier: The waiting period roadblock*

Across the country, business owners want to band together to obtain health insurance. In many cases this means forming an entirely new association. But some states have arbitrary waiting periods for how long an association must be in existence before they can offer a health insurance plan.

## **S** *Solution: States should eliminate laws that establish artificial waiting periods before new associations can begin offering health insurance.*

## **B** *Barrier: The regulation roadblock*

Some states force AHPs to comply with small business insurance requirements, which are intended for smaller, more volatile groups. This could result in AHP members being forced to purchase coverage that is nearly 18 percent more expensive—for the exact same coverage that larger companies are offering.

## **S** *Solution: States should remove these regulations and give AHPs the flexibility to design health insurance plans that are best suited for their employees.*

## **B** *Barrier: The self-insured roadblock*

Large employers have the option to purchase insurance from an insurance company—known as fully-insured—or to design their own health plan under which they pay all the costs, known as self-insurance. Many big companies choose to self-insure, but this practice is prohibited for AHPs in some states. Not having the option to self-insure reduces their ability to obtain the most flexible and affordable insurance coverage possible.

## **S** *Solution: States should allow self-insurance—with strong financial safeguards—to give AHPs the same options as big employers.*