



ASSOCIATION HEALTH PLANS WORK:

# How the Trump administration expanded access to affordable & quality health care

OCTOBER 27, 2020

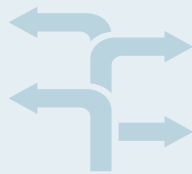
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# KEY FINDINGS

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THE TRUMP ADMINISTRATION EXPANDED ASSOCIATION HEALTH PLANS, PROVIDING MILLIONS OF AMERICANS WITH ADDITIONAL PATHWAYS FOR AFFORDABLE COVERAGE.



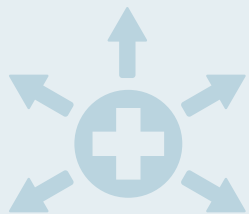
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NEW ASSOCIATION HEALTH PLANS PRODUCED SAVINGS OF UP TO 29 PERCENT ON AVERAGE.



3

NEW FLEXIBILITY FROM THE TRUMP ADMINISTRATION HELPED SPUR ASSOCIATION HEALTH PLANS TO FORM ALL OVER THE COUNTRY.



4

NEWLY CREATED ASSOCIATION HEALTH PLANS ARE OFFERING HIGH-QUALITY PLANS WITH GREATER CHOICE FOR ENROLLEES.



## BOTTOM LINE:

NEW ASSOCIATION HEALTH PLANS ARE BRINGING LOW-COST, HIGH-QUALITY INSURANCE TO ENTREPRENEURS EVERYWHERE.

## Background

Millions of Americans receive health insurance through their employers. But after years of skyrocketing premiums, the number of small businesses offering health insurance has plummeted to fewer than one in three.<sup>1</sup> This has made it harder for small businesses to recruit and retain talent and reduced options for workers looking for coverage. To make matters worse, small businesses that can afford to keep offering coverage must compete on an uneven regulatory playing field with larger corporations.<sup>2-3</sup>

Association Health Plans (AHPs) offer a solution to these challenges. AHPs level the playing field for entrepreneurs by allowing them to band together to provide affordable coverage for themselves and their employees.<sup>4</sup> The Trump administration took significant, positive steps towards making AHPs more accessible for small businesses, entrepreneurs, and sole proprietorships. By allowing associations to exist primarily for health purposes, permitting businesses across different industries and regions to band together, and allowing married business owners who run a business together to join AHPs, access to new affordable options was greatly expanded.<sup>5</sup> Indeed, thanks to this rule, up to four million Americans are expected to enroll in affordable, quality health coverage through AHPs.<sup>6</sup>

In fact, it is already happening.

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UP TO 29 PERCENT**

## **New AHPs produced savings of up to 29 percent on average**

Small businesses' health insurance premiums have nearly tripled since 2000, while offer rates for small businesses dropped by more than a third over the same period.<sup>7</sup> Thankfully, AHPs have been able to provide much needed relief to these struggling businesses and their employees.

**On average, newly created AHPs provided savings of up to 29 percent on health insurance claims.** Some business groups saw even greater cost savings. For example, one chamber of commerce reported the hundreds of employees covered under its AHP would save more than \$2,000 per year in premiums, with average premiums declining 44 percent.<sup>8</sup>

## New flexibility from the Trump administration helped spur AHPs to form all over the country

Shortly after the new federal rules were implemented, small businesses across the country took advantage of these new choices for themselves and their employees. In just a short period of time, new AHPs began forming in more than a dozen states.<sup>9</sup>

Not only did these new AHPs reach conventional small businesses and entrepreneurs, but they reached new and diverse groups as well, including urban and Hispanic chambers of commerce across the country.<sup>10</sup> From the Northeast to the Southwest—and everywhere in between—AHPs became a new tool for businesses to provide affordable health coverage.

In a wide array of states across the country, these new AHPs provided unique opportunities for businesses to both acquire and offer quality health care at an affordable price.

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## LOWER COSTS IN VERMONT

Vermont businesses in a wide array of industries were among the first to take advantage of the new AHP rules by forming the Vermont Association of Chamber of Commerce Executives (VACE) AHP. A Burlington restaurant moved its six employees from high-deductible Bronze plans on the exchange to the VACE Silver plan for just \$3 more per policy, while reducing its employees' deductibles by \$3,650 each.<sup>11</sup> A solar panel installation company in Randolph with 20 employees achieved \$14,500 in savings in just one year by moving from a silver exchange plan to a VACE silver plan, with even less expensive employee cost sharing arrangements for specialists and urgent care providers.<sup>12</sup> And a non-profit animal shelter in Middlebury that had previously been forced to drop expensive exchange coverage was able to re-offer more affordable AHP coverage to its employees, paying the entirety of premiums for single coverage for the 80 percent of employees that enrolled.<sup>13</sup> These are just a few examples of the several Vermont small businesses that achieved cost savings while preserving access to high-quality care by switching to a newly-created AHP.



## MORE CHOICES IN NEVADA

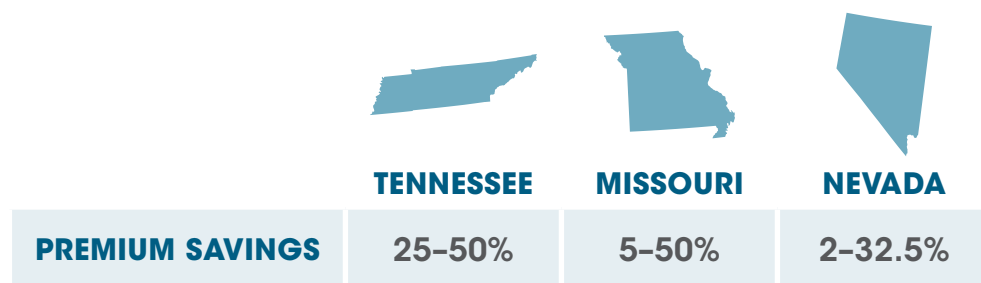
In Clark County, Nevada, business association groups joined together to form an AHP for their members.<sup>14</sup> These plans allowed participants to choose from a broad network of 10 HMO, PPO, and point-of-service plans, each with competitive benefits at an affordable cost.<sup>15</sup> And the new plans maintained quality coverage, protecting those with pre-existing conditions and those in need of all 10 essential health benefits.<sup>16</sup> Some of the plans even covered less conventional services.<sup>17</sup> The PPO option had just a \$3,000 individual deductible with the insurer covering 80 percent of coinsurance costs afterwards—standing in stark comparison to the \$8,150 maximum deductible offered on HealthCare.gov.<sup>18-19</sup> Nearly 2,000 Nevada businesses took advantage of these plans, **which offered premiums that were up to 20 percent lower than silver exchange plans.**<sup>20</sup>



## MASSIVE SAVINGS FOR REALTORS EVERYWHERE

Realtor associations across the country launched robust plans for their members following the implementation of the new AHP rules. From Missouri to Tennessee, **Realtors groups offered plans that averaged savings of up to 50 percent compared to prior plans, with as much as \$15,000 in annual cost reductions.**<sup>21</sup> Members of the Realtors plans found the AHP offerings were far more valuable than previous coverage.<sup>22</sup> Across local and regional Realtors associations, AHP participants reported lower premiums, improved benefits, access to broader provider networks, and even improved protections in certain instances.<sup>23</sup>

### AFFORDABLE REALTORS AHPs FORMED ACROSS THE COUNTRY



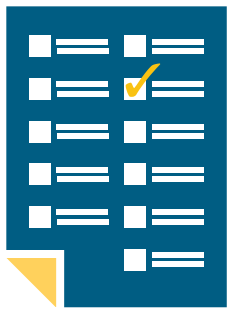
Source: National Association of REALTORS



## REDUCED PREMIUMS IN MICHIGAN

Hundreds of Michigan small business owners were helped through the new TranscendAHP, with enrollees seeing premium reductions of approximately 20 to 30 percent.<sup>24</sup> Small businesses were able to cut health care costs without sacrificing quality, with one IT company alone reporting \$50,000 in reduced health care expenses.<sup>25</sup> The plans provided comprehensive and quality coverage to participants, with overall better plans compared to previous insurance plans.<sup>26</sup> In fact, TranscendAHP had difficulty keeping up with the demand for new quotes among small businesses and groups in the region due to the popularity of the new plans.<sup>27</sup>

These stories are just some of the experiences from across the country of how newly created AHPs under the Trump administration rules helped small businesses, entrepreneurs, business associations, and sole proprietors achieve lower cost coverage with broad networks and quality care. More than half of the newly created AHPs covered small businesses with between two and 50 employees.<sup>28</sup> AHPs have provided real relief for these businesses at a time when they needed it most.



THE TYPICAL SINGLE  
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CHOOSE FROM

## Newly created AHPs are offering high-quality plans with greater choice for enrollees

Despite many common myths, AHPs abide by many consumer health protections, including required coverage of pre-existing conditions and restrictions on annual and lifetime limits of essential health benefits, among others.<sup>29</sup>

Importantly, **AHPs have also offered participants greater choice, with the typical single AHP providing an average of 11 different plan options for enrollees to choose from**—with differences in cost, benefits covered, and network breadth among the plan options.<sup>30</sup> This provides participants with access to a wide variety of plans from which to choose, in contrast to increasingly narrow options as offer rates for conventional plans have declined. Additionally, at least half of these newly created AHPs offered medical savings programs, such as health savings accounts (HSAs), further amplifying savings for enrollees.<sup>31</sup>

These new AHPs have achieved a combination of high quality and lower costs, leading to improved value in health insurance for businesses, organizations, and employees across the country.



## The Trump administration can build on this tremendous success

The rule changes implemented by the Trump administration have led to a proliferation of new options for health coverage at a lower cost. This has helped struggling small businesses who were previously unable to offer insurance or compete with their larger counterparts, as well as employees who were struggling previously with more expensive coverage—or no coverage at all. The real-life examples of groups and individuals who have benefited from AHPs speak volumes to their potential to provide low-cost, high-quality coverage that represents genuine value in health care.

But there is even more that can be done to ensure entrepreneurs have high-quality health care options. These include adding class exemptions—or, simply put, broadening the definition of “employer” to meet certain regulatory requirements in order to expand AHP access to key national groups. For example, class exemptions for national AHPs can be achieved via federal rulemaking, empowering national organizations such as the National Federation of Independent Businesses (NFIB), the National Restaurant Association, and more. By changing federal rules to allow for these class exemptions, President Trump can deliver on yet another promise to open up health insurance competition across state lines—something conservative policymakers have talked about for years, if not decades.

AHPs have already worked, and they represent a promising opportunity for affordable and quality coverage for millions of Americans in the future. Policymakers should expand AHPs to their fullest extent in order to provide comprehensive and low-cost coverage to businesses, entrepreneurs, organizations, and individuals alike.

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