



## Association Health Plans

### How do Association Health Plans work?

- Association Health Plans (AHPs), are group health plans that employer groups and associations offer to provide health coverage for employees.
- AHPs allow small employers to band together to purchase the types of coverage that are available to large employers. This spreads out risk to create less expensive plans.

### Cost Savings

- Health insurance has remained one of the highest costs of doing business for employers. As well intentioned as the drafters of the affordable care act were, we cannot ignore that in the first five years after AHPs were discontinued, 25 percent of small businesses providing health insurance were no longer financially able to provide this benefit and that number has grown. Small employers account for a substantial share of US employees making up 47.5% of the country's total employee workforce.
- In a recent report, healthcare research firm Avalere has projected that association health plan premiums will have significant savings advantages over alternative insurance options. They predicted that association plan premiums will be "between \$1,900 to \$4,100 lower than the yearly premiums in the small group market and \$8,700 to \$10,800 lower than the yearly premiums in the individual market by 2022."
- In January 2019 the non-partisan Congressional Budget Office analyzed the effects of AHPs. It was determined, once implemented, 20 percent (roughly 1 million people nationally) of those enrolled in health insurance coverage under an AHP will be newly insured for the first time. Most importantly, estimates premiums for AHPs will be roughly 30% lower than the premiums employers and their employees currently pay under the "small group market."
- Currently 30 states allow for AHPs in some form.

### Legislation

- HB 2200 and SB 993 would provide employees of small businesses similar health insurance options employees of larger businesses enjoy. Very simply, this legislation would allow business with less than 50 employees to aggregate together to form an AHP and purchase health insurance on the large group market the same way businesses with 51+ employees currently do.