

## **REDUCE HEALTH INSURANCE PREMIUMS and HEALTH CARE COSTS**

Smaller employers need access to affordable health insurance and in many cases, they do not have it. The cost of health care services continues to rise and drives the cost of health insurance premiums higher. Anything that can reduce the cost of health care for small employers and employees helps around the periphery, but innovation is needed. The ability to for smaller employers to hire workers is inextricably intertwined with good benefits including health insurance coverage. Association Health Plans will help level the playing field with larger businesses.

### **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. Why should big business have an unfair advantage over small business to purchase health insurance for their employees?

#### **Cost Savings**

- Health insurance has remained one of the highest costs of doing business for employers. A recent Pennsylvania business survey found increases to existing high priced group insurance plans and lack of access to an AHP are preventing small business from affording to give employees a raise.
- After the first five years 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 47.5% of the country's total employee workforce.
- A recent Avalere report noted AHP premiums will have significant savings advantages over alternative insurance options. They predicted that AHP 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.
- The non-partisan Congressional Budget Office determined 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 over 30 states already allow for AHPs in some form.

#### **Legislation**

- HB 555 and SB 235 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.

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