

## The Association Health Plan (AHP) Final Rule

The AHP Final Rule will help millions of Americans obtain quality, affordable health coverage

**More people will be able to get health coverage through AHPs under the Final Rule, including:**

- Small business owners
- Employees of small businesses
- Family members of working owners/employees

**AHPs have been available to small employers, but the Final Rule offers new options:**

- The Final Rule provides a new pathway, but retains the existing AHP pathway
- In addition to industry AHPs, an AHP can now also form based on a geographic test such as a common state, city, county, or a metropolitan area across state lines
- Working owners without employees, including sole proprietors, can join

**Association Health Plans (AHPs)** are group health plans that employer groups and associations offer to provide health coverage for their members' employees.

They allow small employers, through associations, to gain regulatory and economic advantages available to large employers.

**AHPs have many possible benefits:**

- More coverage options
- More affordable pricing
- Enhanced ability to self-insure
- Less regulatory burden and complexity
- Reduced administrative costs

**The Final Rule's effects – by the numbers:**

- Fifteen million Americans who work for a small business or operate a sole proprietorship, and their families, lack health coverage
- Four million Americans, including 400,000 who otherwise would lack insurance, will join an AHP by 2023 according to Congressional Budget Office estimates

**Consumer protections and healthcare anti-discrimination protections will continue to apply to large businesses and will also apply to AHPs organized under the Final Rule.**

**The Department of Labor will continue to partner with states to protect consumers.**

**Important dates for AHP expansion under the Final Rule:**

- **All associations (new or existing)** may establish a fully-insured AHP on **September 1, 2018**
- **Existing associations** that sponsored an AHP on or before the date the Final Rule was published may establish a self-funded AHP on **January 1, 2019**
- **All other associations (new or existing)** may establish a self-funded AHP on **April 1, 2019**

## ASSOCIATION HEALTH PLANS QUESTIONS AND ANSWERS

### *How do Association Health Plans work?*

- Association Health Plans (AHPs), under the Department of Labor's rule, 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, which can be less expensive and better tailored to the needs of their employees.
- The rule allows more employer groups and associations to form AHPs, based on common geography or industry.
- An AHP could offer coverage to some or all employers in a state, city, county, or a multi-state metro area, or it could offer coverage to businesses in a trade or industry group nationwide.
- For the first time, working owners without other employees (including sole-proprietors) and their families will be permitted to join AHPs, creating a new path for these hardworking Americans to access affordable, quality health coverage.

### *Are AHPs subject to consumer protections?*

- The rule includes important safeguards. Consumer protections and healthcare anti-discrimination protections apply to large businesses and will also apply to AHPs organized under this rule.
- AHPs may not charge higher premiums or deny coverage to people because of pre-existing conditions, or cancel coverage because an employee becomes ill.

### *Can AHPs cherry pick plan participants or discriminate based on health factors?*

- No. AHPs cannot cherry pick or discriminate based on health or prior conditions.
- The rule includes important safeguards. Consumer protections and healthcare anti-discrimination protections apply to large businesses and will also apply to AHPs organized under this rule.

### *Can AHPs vary premiums based on health factors?*

- No. AHPs will not be able to charge different premiums to employees based on their health status.

- Additionally, AHPs under this rule will not be able to charge employers different rates based on the health status of their employees.
- The rule includes important safeguards. Consumer protections and healthcare anti-discrimination protections apply to large businesses and will also apply to AHPs organized under this rule.

*How does the rule expand coverage options for the self-employed?*

- Self-employed individuals who employ other individuals have always been able to join an AHP.
- Under the rule, self-employed individuals with no other employees can also join an AHP, along with their families.

*Will states still have regulatory oversight of AHPs under the final rule?*

- Yes. The final rule does not diminish state oversight, which remains in place.
- States will share enforcement authority with the federal government.

*Does this rule impact existing AHPs?*

- No. The new rule does not affect previously existing AHPs, which were allowed under prior guidance.
- Such plans can continue to operate as before, or elect to follow the new requirements if they want to expand within a geographic area, regardless of industry, or to cover the self-employed.
- New plans can also form and elect to follow either the old guidance or the new rules.

*Did the Department of Labor consider comments it received in writing the rule?*

- Yes. The Department carefully considered all of the approximately 900 comments received during the rulemaking process.
- The final rule summarizes and discusses the comments as part of the preamble.