



Association Health Plans

The Small Business Health
Care Solution

Experiences
Matter.



PRESENTED BY:

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Agenda

1. What is an Association Health Plan (AHP)?
2. What Organizations Qualify as an Association?
3. AHP Compliance and Regulation
4. Affordable Care Act
5. Advantages of AHPs
6. AHPs and the Future

A man and a woman are shown from the chest up, smiling. The man is on the left, wearing a light-colored patterned shirt, and the woman is on the right, wearing a white lace top. A large red semi-transparent rectangle covers the left side of the image, partially obscuring the man's face. The text 'What is an Association Health Plan?' is written in white, bold, sans-serif font over the red area.

What is an Association Health Plan?



An AHP

is an association of small employers banded together to obtain comprehensive affordable health insurance for their employees.



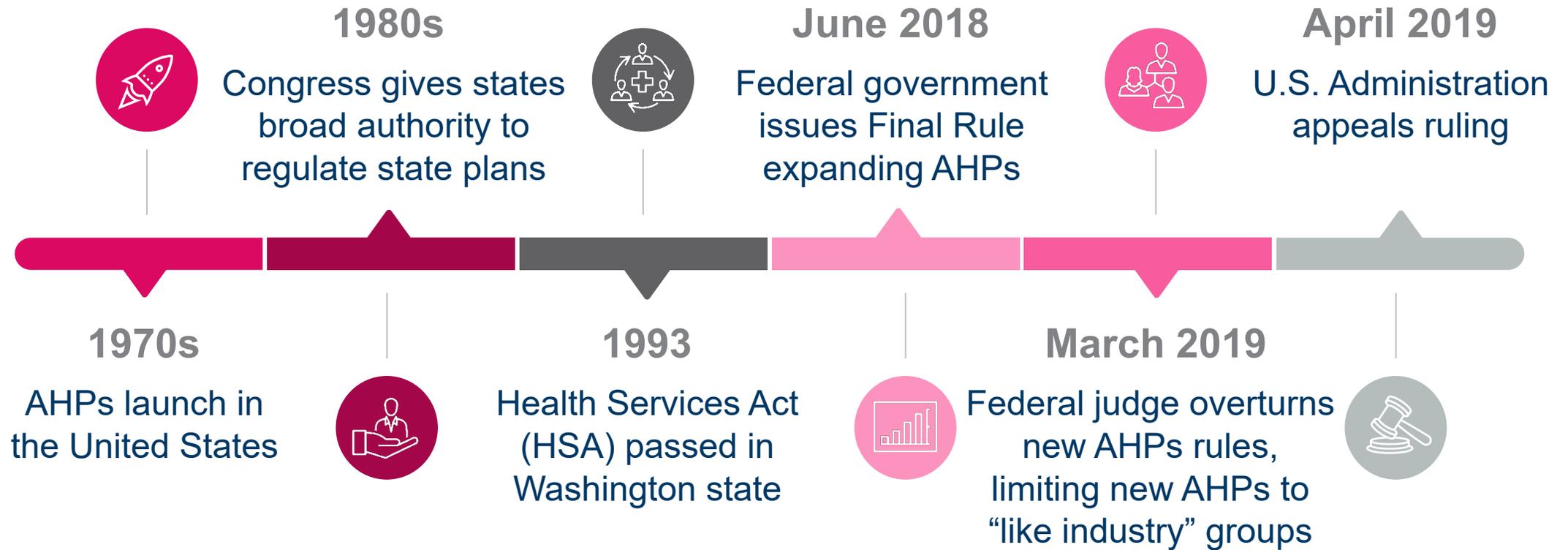
AHPs enable

small businesses to pool their employees as a group, taking advantage of the additional value and reduced administrative expenses.



ERISA Health Plans

sell health insurance as an association of employers, according Department of Labor standards, interpreting the Employee Retirement Income Security Act (ERISA).



What Organizations Qualify as an Association Under the Law?



What is a Bona Fide Association?

An Association is a group of employers collaborating together within a formal organization.

- To offer an Association Health Plan, the Association must qualify as “Bona Fide.”
- To be qualified as “bona fide” the association must satisfy a variety of conditions related to:

Purpose of the
Association

Organizational
structure and
supporting bylaws

Commonality of
interest among
association
members

Member control of
the association

Insurance
company control
prohibition

Eligible participant
insurance
availability

Employee health
plan participation

Nondiscrimination
for employers and
participants

Who Can Access an Association Health Plan?



Member of an Association that sponsors a Health Plan



Must meet industry standards set forth by the Association



Typically must be headquartered in Washington state



Meets general underwriting criteria set by the Association and contracted carriers

AHP Compliance and Regulation

Compliance and Regulation

- **ERISA** – The Employee Retirement Income Security Act of 1974
- **HIPAA** – The Health Insurance Portability and Accountability Act of 1996
- **PHS** – The Public Health Service Act
- **COBRA** – The Consolidated Omnibus Budget Reconciliation Act of 1985
- **MHPAEA** – The Mental Health Parity and Addiction Equity Act of 2008
- **The Civil Rights Act**
- **The Women’s Health and Cancer Rights Act**
- **The Genetic Information Nondiscrimination Act**



Affordable Care Act

Pivot Point in Association Health Plan History

Affordable Care Act (ACA) signed into law on March 23, 2010

- Some rulemaking left to states
- “Bona Fide” AHPs provided road map
 - Industry “nexus”
 - Formation/bylaws key factor in filing approval
- “Non-Bona Fide” AHPs negatively impacted
- Key provisions effective January 1, 2014
 - Rating methodology changes
 - AHP regulated as employer in many instances (COBRA applicability as an example)
 - Common anniversary date for participants

Changes in Landscape for Association Health Plans

- Ability to risk manage at “pod” level reduced (later restored through legal action)
- New business pricing moves to adjusted community rating
- Competitive position drastically reduced
- Many employers delay ACA impact through anniversary date change
- Non-Bona Fide AHPs cease writing new business January 1, 2014, transition of membership begins
- Grandfathered contracts allow for some business retention
- Non-medical programs persist, advent of “marketplaces” creates similar employer experience to AHPs

Advantages of Association Health Plans



Benefits of an Association Health Plan



Underwriting

AHPs are considered a “large group” for underwriting purposes.

Regulatory

AHPs are considered the employer in many instances – COBRA, Anniversary Date, etc.

Bundled Offering

AHPs combine multiple lines of coverage in a consolidated administrative platform.

Member Governed

AHPs typically align with a membership organization such as a Trade Association.

Benefits to Association

Recurring annual revenue

- **Key member benefit** for the association
- A significant source of **non-dues revenue for associations**

Increased membership & retention

- One-third to one-half (average) of association members **join the association** for access to health plans
- Health plan attracts **hard-to-recruit members**

Healthcare for employees

- Helps association become a **steward of the community**
- Helps **positively brand** association

Improves success odds for member organizations

- Helps companies **compete with larger organizations**
- Reduced healthcare costs can be funneled into **company growth**

Value to AHP Members

Affordable

- **Scalable solutions** for organizations of different sizes and sophistication
- Product suites offer **plan flexibility**
- Leverage **large group underwriting** capability

Convenient

- **Consolidated administration** with web-based enrollment and invoicing
- **Real-time access** to plan materials
- **Virtual care**

Comprehensive

- **Unique experience** for employer access to healthcare
- **Wellness and health** management resources

Benefit Features

- Greater benefit flexibility, not tied to “metallic” values
- Not required to offer essential benefits; pediatric dental and vision specifically
- Plan designs tailored to AHP population
- Comprehensive benefits leveraged as a recruitment/retention tool by employers
- Tend to be more innovative than “off the shelf” plans
- Designed through member lens/experience
- Medical plans often bundled with other benefits and services
- Turn-key in nature, implementation requirements less rigid
- Typically brings together multiple insurers/vendors under one consolidated platform

Limitations of AHPs

- Common anniversary date for all members
- More rating factors at policy renewal
- Typically restricted to fully insured contracts
- All plan collateral branding at AHP not employer level
- Industry specific – not a one size fits all offering
- Limited plan design customization at employer level
- May require higher contribution or participation at employer level
- Successful companies may outgrow AHP model

Association
Health Plans
and the Future



Market Position

- AHPs back in vogue after tumultuous ACA/Post-ACA experience
- New AHPs being formed
- Enrollment increasing in AHPs over past three years
- Employer needs changing, looking for more consolidation
- Marketplaces, PEOs, other small employer models creating new competition
- AHPs expanding to other states
- November 2020 election results may bring changes to Federal regulations

Thank
You!

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