



## A New Way

*Important information when considering an association health plan.*

The Department of Labor (DOL) recently expanded the availability of association health plans (AHPs) for small business owners and certain self-employed individuals.

### What is AHP?

An AHP is a type of multiple employer welfare arrangement (MEWA) offered by employer groups and associations to provide healthcare coverage to employees. Under the new DOL rule, employers may join together in an association if they are in the same industry (regardless of location) or in the same geographical area, such as a city or state. For example, an AHP could be available to employers in unrelated industries through a city's Chamber of Commerce.

Previously, a MEWA could only be offered to a "bona fide" association of employers, which was defined as an association of employers in the same industry and the same region.

An AHP plan allows employers to join together to purchase their healthcare coverage as a single group. This allows them to share in overall claims risk and take advantage of certain benefits of a large employer groups, such as reduced administrative expenses and potentially reduced premiums.

Unlike an employer-sponsored health plan, an association who

sponsors a health plan must have a governance structure, with officers and directors, as well as governing documents, such as by-laws.

### Advantages of an AHP

Since the size of the group is based on the total number of members in association, AHPs can offer small employers the advantages that large employers receive, including:

- Competitive rates
- Plan design flexibility
- Exemption from certain ACA market reforms including the requirement to offer the 10 categories of essential health benefits
- Increased financial protection by being part of a larger pool

AHPs must comply with most of the same requirements applicable to other health plans and can't discriminate against individuals based on age or prior health conditions and cannot include annual or lifetime limits on coverage.

### Considerations of an AHP

Before deciding to obtain coverage under an AHP, it's important to know:

- AHPs can consider age, gender, industry, occupation and geography as factors

when setting premium rates, so they could potentially be more expensive for groups who are considered to have a disproportionate number of older employees or who are in higher-health risk industries.

- Since AHPs don't have to cover all of the essential benefits outlined by the ACA, these plans may not cover all of services you might expect to be covered.

### Is an AHP right for your business?

Like with any health plan, you should do your homework and some comparison shopping before making a final decision. While AHPs may be more affordable for some companies, they aren't a good fit for all employers. You should contact your trusted broker or TPA to learn more about advantages and considerations an AHP has for your business.

Looking for more tools to help your employees become smart healthcare consumers? **Contact HealthLink at 800-624-2356 today**

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