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Definition of Employer Under Section 3(5) of ERISA-Association Health Plans

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Definition of Employer Under Section 3(5) of ERISA-Association Health Plans

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General Comment

My company currently obtains health coverage through an Association Health Plan, and it has been very important for us to obtain good health insurance. Being able to provide these benefits are crucial as it allows companies like mine to compete for talent in a competitive labor market.

While the Department's proposed rule aims to expand AHPs, there are several aspects that will cause AHPs to not be able to expand and defeat the Administration's goal in revising. The Department needs to incorporate changes into the final rule:

Sponsoring Organizations must be Reputable. The Department must require AHPs only to be offered if there is a pre-existing sponsoring organization. This will prevent/deter fraud and abuse that likely will arise if regulations are loosened as proposed. Organizations should be required to have been in existence for at least 5 years to sponsor AHPs. Additionally, all such organizations should be required to have an active tax-exempt status.

Allow Enough Implementation Time. Ensure that there is ample time for implementation (When there are regulatory changes, Insurance companies will likely inflate prices due to "unknowns"), by making the effective date 2020 or later.

Rating at Employer-Level. Non-discrimination rules need to be in place that are favorable to small-businesses, including allowing rate setting at the employer-level using claims cost. Failure to correct this in the final rule will result in cross-subsidization that the Administration has shown time and time again it is fervently against. This provision seems to undermine the entirety of the rule and the stated goal of making AHPs competitive and expanding offerings to more Americans.

At a minimum, existing bone fide plans should be exempt from this new interpretation of existing non-discrimination provisions.