

Our company obtains its health insurance from an Association Health Plan. I am writing today to express concerns about the proposed rule. Expansion of AHPs is a great thing for healthcare and offers small and medium sized businesses more options for coverage and provides for affordability. This is critical when companies are competing for talent. I applaud the goal of expanding AHP coverage, however, there are several provisions in the proposed rule that would negatively impact the market and prevent the expansion of AHPs, while also having significant impact on current insurance markets that could result in rates increasing or selection decreasing:

**Amend to require associations to be reputable** - AHPs should only be able to be formed by existing associations whose leader is willing to serve as a fiduciary and has a membership base that exists independent of simply providing health insurance. Without this requirement, there could be significant fraud and abuse as there has been in the past that forced tighter regulation. Additionally, requirements for Associations to have been in existence for at least 5 years and have a valid tax-exempt status should be included in the final rule.

- 1) **Nondiscrimination provisions affecting rating rules** - AHPs should be able to continue rate-setting at the employer-level, as is current practice. Failure to amend this in the final rule would inherently result in cross-subsidization and discourage the use and expansion of AHPs. Additionally, this would cause many employers' rates to increase simply as a result of one or two high-cost employers within the AHP. Using "one rate for all" results in adverse selection, cripples the expansion of AHPs, creates unhealthy community rated/individual markets, and will work against the Administration's goal of providing affordability through AHPs. At a minimum, the department should grandfather existing plans to ensure that AHP access continues to be a resource for small and medium sized employers.
- 2) **Compliance with State Regulations** - The proposal fails to require AHPs to comply with their local laws and rating regulations. This should be incorporated into the final rule. It is essential that each State's insurance commissioner/officer has the ability and power to regulate the insurance market within the state.  
  
Without this provision, insurance carriers could avoid regulation and oversight, which would leave unhealthy adverse selection pools throughout the country.
- 3) **Including Working Owners** – The final rule should allow for AHPs to include, at their discretion, sole-proprietors or working owners. The ACA forced AHPs to exclude working owners. This new rule should not dictate that they must be included but should allow AHPs to respond to their member needs and include as they see fit and what works for their business needs/ market demands.
- 4) **Effective date** – With any change comes uncertainty and with uncertainty comes increased prices. The effective date of this rule needs to be 2020 or later to allow enough time for insurance companies to react and adjust without artificially inflating prices (as was seen with the



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implementation of ACA). Lack of proper time would result in small businesses having even higher costs and insurance companies continuing to profit in the wake of change.

Association Health Plans can be a vehicle to expand quality and affordability of health care coverage. However, the proposed rule would prevent this expansion from occurring and would lead to increased risk of fraud and abuse; lower quality benefits; adverse selection and ultimate deterioration of overall insurance markets.

Thank you for the opportunity to provide comments.