

FEDERAL DISTRICT COURT RULING IN *STATE OF NEW YORK v. UNITED STATES DEPARTMENT OF LABOR* CONCERNING DEPARTMENT OF LABOR'S FINAL RULE ON ASSOCIATION HEALTH PLANS

QUESTIONS AND ANSWERS

Association Health Plans (AHPs), under the Department of Labor's (Department) final rule, are group health plans that employer groups and associations offer to provide health coverage to employees. The Department's final rule on AHPs was published on June 21, 2018, and established a more flexible test to facilitate the adoption and administration of AHPs. The AHP rule expanded access to affordable health coverage, especially for employees of small employers and certain self-employed individuals. The AHP rule has already opened healthcare options for dozens of associations representing many small businesses and sole proprietors and provided them with access to the same type of affordable healthcare options offered by large employers. Information regarding the final rule is available on the Department's website at www.dol.gov/agencies/ebsa.

The Employee Benefits Security Administration (EBSA) is aware of the District Court's decision in *State of New York v. United States Department of Labor* issued on March 28, 2019. The Department disagrees with the District Court's ruling and is considering all available options in consultation with the Department of Justice including the possibility of appealing the District Court's decision and the possibility of requesting that the District Court stay its decision pending an appeal. At this time, we have not reached a decision on how to proceed.

The Department is publishing these Questions and Answers (Q&As) to address questions that may arise in relation to the District Court's decision. These Q&As will be updated as this matter evolves.

I get my benefits through an AHP. Does the court decision mean that my health care claims will not be paid?

Participants in AHPs affected by the District Court's decision have a right to benefits as provided by the plan or policy. Plans and health insurance issuers must keep their promises in accordance with the policies and pay valid claims. Your AHP may change its structure or operations going forward. Your AHP's plan administrator is the best resource for information about changes that the AHP may make in the future.

Please contact the plan administrator of your AHP to determine if your plan is affected. The Department will be making additional information available to plan administrators as developments arise and as we continue our consultations with the Department of Justice.

Will the Department appeal the decision?

We disagree with the District Court's ruling and are considering all available options in consultation with the Department of Justice. The Administration will continue to fight for sole proprietors and small businesses so that they can have the freedom to band together to obtain more affordable, quality healthcare coverage.

Do state insurance departments still have regulatory oversight of AHPs?

Yes. The District Court's decision does not diminish state oversight of AHPs under state insurance laws and regulations. If you have questions about the application of state law after the decision, you should contact your state insurance regulator about what the state intends to do following the District Court's decision.

May I contact the Department of Labor if I have more questions or concerns about the impact of the court ruling on my AHP?

Yes. To request assistance from a benefits advisor, contact the Employee Benefits Security Administration at askebsa.dol.gov or toll free at 1-866-444-3272. The Department of Labor will also update its website as more information becomes available and will provide additional resources to AHP plan administrators as they review and make determinations about their operations related to the Court's decision.