

## Vote NO to AHPs, SB1341

January 16, 2021

Association Health Plans' (AHPs) promise of lower premiums rely on skirting consumer protections and cherry-picking enrollees through benefit design and premium practices. These plans may benefit a few at the expense of older and sicker consumers who require full, comprehensive health insurance.

- **Are Association Health Plans insurance or not? SB 1341 says both!** On one hand, the bill says the plans “shall not be considered to be insurance under this title or any other provision of law.” (Lines 183-184) This is how AHPs try to avoid strict requirements of the ACA and other insurance laws. However, the legislation is also written into Title 38 (Virginia’s insurance code) and refers to many insurance provisions in Title 38.
- **Is there any regulatory oversight of AHPs?** Again, there’s no clear answer to this basic question. If AHPs are not insurance and not subject to Virginia’s insurance laws, then the SCC cannot regulate the plans. The language that the SCC can impose any insurance requirement “as it deems appropriate” (Lines 185-186) is confusing and ambiguous. These products will be unregulated at the state level – with consumers left without essential protections the SCC is required to enforce for every other health insurance plan.
- **AHPs can discriminate against older workers by charging them 5 times more than younger ones.** The ACA limits the age rating ratio to 3:1. AHPs can also discriminate by using non-ACA rating factors such as their own geographical ratings and drug utilization. This hurts older and sicker individuals and those living in geographic areas deemed less healthy (often poorer communities).
- **AHPs will not undergo rate review.** There will be no way for the state or consumers to know what rating factors are used or to evaluate the appropriateness of rates established.
- **As drafted, this bill only applies to realtors, but it clearly opens the door to other associations seeking to undermine the ACA and standard consumer protections applicable to most other insurance.**
- **Expansion of these plans has been projected to increase premiums in the small group and individual markets and increase the number of uninsured people.**<sup>123</sup> The impact on the small group market would likely be stronger in Virginia because we allow self-employed individuals to purchase small group plans.

**Instead of AHPs, a new Reinsurance Program is the equitable policy choice for reducing health insurance premiums by up to 20%. Reinsurance will benefit all who must purchase insurance at full cost and will not undermine important ACA protections or degrade the market.**

**More Information: Sara Cariano & Jill Hanken • [sara@vplc.org](mailto:sara@vplc.org) • (804) 332-1432**

<sup>1</sup> Avalere, Association Health Plans Projected to Enroll 3.2 Million Individuals, <https://avalere.com/press-releases/association-health-plans-projected-to-enroll-3-2m-individuals>

<sup>2</sup> Congressional Budget Office, *How CBO and JCT Analyzed Coverage Effects of New Rules for Association Health Plans and Short-Term Plans*, January 2019. [https://www.cbo.gov/system/files/2019-01/54915-New\\_Rules\\_for\\_AHPs\\_STPs.pdf](https://www.cbo.gov/system/files/2019-01/54915-New_Rules_for_AHPs_STPs.pdf)

<sup>3</sup> Congressional Budget Office, *How CBO and JCT Analyzed Coverage Effects of New Rules for Association Health Plans and Short-Term Plans*, January 2019.