

Supporting Association Health Plans

As outlined in the NC Chamber's 2019 legislative agenda, the NC Chamber supports association health plans (AHP) and making changes to the laws governing such plans to create more coverage options for consumers across North Carolina. As changes to the law are considered, it is imperative that policy makers be deliberate in advancing policies that protect against the formation of the "junk plans" that took root in the state just a couple of decades ago. It is equally important that changes to the law do not reduce insurance coverage options, nor undermine the Affordable Care Act.

Sadly, far too many North Carolinians are familiar with the fly-by-night AHPs that came to be in the 1990s. The laws governing these plans lacked the appropriate guardrails to ensure the plans could provide adequate coverage, resulting in countless North Carolinians left without coverage when they needed it most. As North Carolina's voice for business, it is our job to stand up for our state's job creators and the people they employ. That is why we are committed to supporting sound, thorough policy that establishes the necessary protections to keep junk plans from returning to our great state. Providing affordable, quality coverage is too important to not get the law right from the onset.

The NC Chamber believes the following guidelines will help establish those protections:

- Lowering the threshold for which an association must be in operation before it can establish an AHP could make it easier for bad actors to enter the marketplace. As such, the NC Chamber supports a continuous five-year operating period before an organization can establish a plan. A two-year operating period is too little.
- In order for a plan to cover enough lives and not diminish competition, establishing a commonality of interest through employers that are members of the same statewide organization, operating only within the state, is important.
- To ensure there are enough lives covered under a policy, the NC Chamber supports an association having at least 500 persons in order to establish a plan.
- Authorizing an association offering an AHP to be defined as an "employer" of a single group health plan, as approved by the North Carolina Department of Insurance, would enable the plan to be treated as a large group plan for insurance purposes.
- In providing stop loss, catastrophic, or reinsurance coverage to small employers, the NC Chamber believes small employers should employ at least 25 employees.
- The ultimate goal of enabling the formation of AHPs is to create more options for consumers in the marketplace by making available high-quality, affordable coverage. For that reason, it is critical to offering the best product possible that no provision undermine the Affordable Care Act while it is the law of the land. This means, in part, that AHPs must cover pre-existing conditions and that subsidies can be applied to the plans.
- Incremental changes that provide safety for job creators and the people they employ are essential to marketplace success. Learning and experience through gradual reform can lead to future changes that expand the availability of AHPs in subsequent years.

The NC Chamber has long been committed to bringing value-driven health care to North Carolina to improve health outcomes and make costs more predictable. AHPs could be a major step forward in advancing health care value but it is important that it is done right, so that North Carolinians in every corner of the state can trust their coverage. The NC Chamber is eager to implement a solution that enables the creation of reliable, effective AHPs that drive value and improve North Carolina's competitive advantage.