

Under S.B. 86 and H.B. 464, Association Health Plans (AHPs) can avoid Affordable Care Act rules for selling health insurance to small businesses and individuals. As a result, AHPs can undermine the ACA markets by siphoning off young and healthy enrollees. But any reduction in premiums that AHPs may offer to some small businesses and individuals come only at the expense of others who would have to pay higher costs.

Association Health Plans' promise of lower premiums rests on skirting consumer protections and cherry picking enrollees.

AHPs would increase premium costs for ACA-compliant coverage, putting people with pre-existing conditions and others in need of comprehensive coverage at risk.

- AHPs would increase premiums on the fully-regulated individual and small group markets by pulling healthy risk out of those risk pools ([Congressional Budget Office](#), [Avalere](#), [Oliver Wyman](#)).
- Federal judge who [invalidated](#) Trump's AHP rules in March: "clearly an end-run around the ACA."
- Unlike AHPs, Medicaid expansion would reduce private insurance premiums ([Sen. DeLeire](#)).

AHPs can offer bare-bones coverage with high out-of-pocket costs to discourage enrollment by higher-risk businesses with sicker workers and individuals.

- AHPs [are not required to cover the Essential Health Benefits](#) (EHBs) package, meaning they could refuse to cover maternity and newborn care, mental health and substance use disorder treatment, prescription drugs, and other critical services.
- Without EHBs, consumer protections like an annual out-of-pocket limit provide little value.

AHPs can cherry pick their enrollees by charging businesses and individuals differential premiums based on factors not allowed under the ACA. They can:

- Charge workplaces with [older workers](#) higher rates than the 3:1 age rating cap in other markets.
- Vary rates by [gender](#), making coverage unaffordable for workplaces with higher rates of women, especially younger women who may seek maternity and newborn care.
- Practice [redlining](#), by up-charging or avoiding areas of the state with worse health care outcomes, higher health costs, lower incomes, and greater populations of communities of color.
- Avoid or upcharge workers in [industries and occupations](#) at higher risk of medical costs.

AHPs achieve savings through risk selection and cherry picking enrollees, *not* through economies of scale, administrative efficiencies, or increased negotiating power.

- [Experts](#) have found no evidence that AHPs reduce underlying administrative or medical costs, and even if they did, reducing administrative costs offers [limited cost savings potential](#).
- AHPs are highly unlikely to do negotiate lower costs with providers than large insurance companies with greater memberships do ([Milliman](#), [American Academy of Actuaries](#), [Mark Hall](#)).
- AHPs will have an incentive to avoid high-risk, high-cost enrollees, as they operate in a [separate risk pool](#) and lack the safety net of participating in a risk adjustment program.