



**Panel IV- Impact of Affordable Care Act
(Part II)**

Association Health Plans

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- This presentation reflects the opinions of the speaker only and does not constitute legal advice.

AHPs will continue to be an important option for WA small employers.

- ACA does not prohibit or outlaw AHPs;
- ACA does not require AHPs to be community rated;
- ACA does not require AHPs to allow employees to select benefit plan(s);
- ACA does not preempt, repeal or “extinguish” AHP provisions of the WA Insurance Code.

AHPs are small employer health reforms enacted by the WA Legislature in 1993 that continue to work.

- Affordable fully-insured plans,
- Dependable service,
- High quality ACA-compliant coverage,
- Choice of providers.

AHP enrollment will focus on industry-related categories with attention to US DOL criteria.

DOL Criteria:

- how members are solicited;
- who is entitled to participate and who actually participates in the association;
- the process by which the association was formed;
- the purposes for which it was formed, and what, if any, were the preexisting relationships of its members;
- the powers, rights, and privileges of employer members that exist by reason of their status as employers;
- and who actually controls and directs the activities and operations of the benefit program.
- The employers that participate in a benefit program must, either directly or indirectly, exercise control over the program, both in form and in substance, in order to act as a bona fide employer group or association with respect to the program.

**Some migration will occur
among:**

- **competing AHPs,**
- **small group market
outside Exchange,**
- **individual market inside
& outside the Exchange.**

Some players will exit the market or refocus their participation.

- “Entrepreneurial” AHPs formed, controlled and/or directed by producers and/or carriers;
- Member-governed groups formed solely for the purpose of providing health insurance benefits;
- AHPs not willing/able to challenge erroneous regulatory interpretations.

Conclusion: AHPs Remain the Safety Net

- AHPs represent a “safety net” for small employers in WA.
- SHOP exchanges in other states (Connecticut is perfect example) did not take off.
 - Connecticut considered one of most prepared SHOP exchanges but as of last month, enrolled 78 businesses, covering a total of 330 people.
 - The start-up costs to cover 330 members: \$3.6 million.

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