



# ASSOCIATION HEALTH PLANS (AHPs)

## What are Association Health Plans?

Associations of various types (e.g., professional, fraternal, trade/business) often have the ability to sponsor group health coverage for members of the association. In this arrangement, small business could potentially simplify the administrative and financial burdens they might otherwise have if they were to sponsor their own small business health plan.

State insurance laws allow insurance companies to issue group health insurance policies to associations (if the association meets specified criteria) and to multiple employer welfare arrangements (MEWAs). Most states do not, however, permit associations or MEWAs to self-insure health benefits. California banned the creation of any new MEWAs in the 90's after having several bad experiences.

Federal law also has some impact on these arrangements.

## How have Federal regulations impacted AHPs?

In September 2011, Centers for Medicare & Medicaid Services (CMS) released guidance that among other things treated insured group health plans – involving associations of individuals (e.g., organizations of like professionals, fraternal, trade/business) – as individual and small group insurance, subject to the Affordable Care Act's requirements for individual coverage, including community-rating.

In June 2018, the Department of Labor (DOL) finalized regulations that allow multiple employers, and now certain self-employed individuals, to join together to form associations that will be treated as a single employer for purposes of ERISA. This will allow associations of individuals to be treated as a single large employer, thereby avoiding individual and small group protections under the Affordable Care Act (mainly the community-rating requirement); specifically, an AHP will be treated as a group health plan for purposes of ERISA at the overall plan level rather than the employer level. However, these Federal regulatory changes do not override state laws, which principally determine whether associations may offer their participants insured or self-insured health plans.

Read the Department of Labor's [final rule](#) for more details.