

# WHAT IS THE REAL TRUTH ABOUT ASSOCIATION PLANS IN PA?



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There has been much chatter about Association plans and how they will reduce Health Insurance premiums for sole proprietors and small group businesses since the Trump administration proposed a new rule that would allow such entities to join together for the purpose of obtaining an Association Health Plan. The rule has been enacted; however, each state holds authority to place restrictions on such plans. Confirmation of this authority was released on the Pennsylvania Department of Insurance Website in a press released named Insurance Commission: Statement on Federal Government confirming States' regulatory authority over association health plans. Pennsylvania, unlike some states, will allow Association Health Plans with strict guidelines.<sup>1</sup>

Pennsylvania's Insurance Commissioner, Jessica Altman, has released official statement on the Pennsylvania Insurance department website as well as their Facebook and Twitter pages declaring Pennsylvania's official stance and guidance of the Association Health Plans in a Press Release named "Insurance Commissioner Announces Filing Requirements, warns Consumers of a Short-Term, Limited Duration Health Insurance Plans". In short, the press release states that Associations that are operating less than two years will not be allowed to offer Association Health Plans.

Within an association that has operated two years or more they may offer an Association Health Plan but the rates of each business within the Health Plan will be that of the market that they would otherwise be, therefore a sole proprietor would be subject to rates of the individual market while a small group would be subject to that of a small group.<sup>2</sup>

Even with such clear guidelines there are many sole proprietors being targeted for Short Term Medical Plans that are calling themselves Association Plans because they are bundled with an association that includes extra benefits and often times accident and hospital indemnity plans. This bundle of plans is outside of the Affordable Care Act and prior to October they would be subject to 89-day durations.

Jessica Altman expressed many warnings to the public and agents in regards to Short Term Medical plans. In the above-mentioned press release the Insurance Commissioner expresses a hardened stance on clarity and addresses the requirement of a new disclaimer on all marketing material and brochures to the public for Short Term Medical Plans.<sup>3</sup>

<sup>1</sup> (2018, August 24) Insurance Commission: Statement on Federal Government Confirming States' Regulatory Authority Over Association Health Plans retrieved from <https://www.media.pa.gov/Pages/Insurance-Details.aspx?newsid=336>

<sup>2</sup> (2018, August 21) Insurance Commission Announces Filing Requirements, Warns Consumers of Short-Term, Limited-Duration Health Insurance Plans retrieved from <https://www.media.pa.gov/Pages/Insurance-Details.aspx?newsid=334>

<sup>3</sup> (2018, August 21) Insurance Commission Announces Filing Requirements, Warns Consumers of Short-Term, Limited-Duration Health Insurance Plans retrieved from <https://www.media.pa.gov/Pages/Insurance-Details.aspx?newsid=334>

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