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APRIL 5, 2021

SMALL BUSINESSES CAN LOWER HEALTHCARE SPEND WITH ASSOCIATION HEALTH PLANS

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As published in Alaska Business Monthly on April 5, 2021

here are some exciting new health insurance options for small businesses in Alaska being offered through group association plans. Association health plans allow smaller companies to access health insurance savings associated with large group medical coverage.

Association Health Plan History

Association health plans have to be sponsored by an association of employers that share a common industry and have other relationships bringing them together under bona fide regulations. Under the Affordable Care Act, association health plans had difficulty maintaining cohesion and staying competitive; federal regulations ensured that individual members and patients were adequately protected but could stifle creativity and limit the associations' cost effectiveness.

In 2018, the Trump administration issued new regulations that made it easier to form association plans. Several association health plans started using this new pathway, but the following year, a federal court rejected those regulations and those association health plans had to be unwound. In the wake of that confusion, a number of associations and insurers took a fresh look at the original rules, dusted them off, and figured out a new way to make them work.

Creative Solutions

The Alaska Support Industry Alliance has renewed their association health plan offering group insurance options for Alliance members supporting the oil, gas, and mining industries. Aetna, the Alliance's insurer partner, brings their heavily discounted Mat-Su Community Health Plan to employers with fewer than 100 employees through the Alliance. Prior to this, the Mat-Su Community plan was only available to large group members. The Alliance can provide value for larger employers as well, but their health plan is the exclusive option for small groups.

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Health insurer Moda brings several new association health plans to Alaska employers with Associated Industries out of Spokane. They have run effective association health plans in Washington state for several years and are now offering access to Alaska employers in five different industries. Moda and Associated Industries are focused on options for employers with fifty employees or fewer and offer a range of other services, including outsourcing for smaller employers. Moda does offer group health solutions for larger employers, just not within the association plans.

Association health plans are getting creative and finding new ways to harness the collective bargaining power of small employers. They work to reduce healthcare spend using many of the strategies available to large employers, like rewarding healthcare spend on providers willing to provide discounts.

These association health plans may lower health insurance costs substantially for the employer that fits with their program. Ask your insurance broker to review these options for you, or reach out to an association sponsor directly.