



Trump Allows More Small Businesses to Join Forces to Get Health Insurance

In an effort to enable more small businesses to obtain low-cost health insurance, the Department of Labor announced Tuesday significant changes to its rules governing Association Health Plans (AHPs).

AHPs allow small businesses to band together to obtain health coverage, giving them more leverage in negotiations with insurers than they would have if they negotiated individually. The plans are authorized under the Employee Retirement Income Security Act of 1974 but until now have not been common because of strict Labor Department regulations.



[According to the department](#), the new rule, issued pursuant to an executive order signed by President Trump in October, “allows more employer groups and associations to form AHPs, based on common geography or industry.” In addition, AHPs may now be formed across state lines — even nationwide. Furthermore, business owners with no employees besides themselves will now be able to enroll in AHPs.

“For the first time ever, sole proprietors will be able to come together and buy lower-cost group insurance instead of getting ripped off by this disaster that we all know as ObamaCare,” Trump [said](#) at the 75th anniversary celebration of the National Federation of Independent Business (NFIB), a small-business organization that fought ObamaCare all the way to the Supreme Court (and, unfortunately, lost).

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“These actions will result in very low prices, much more choice, much more freedom, including in many cases new opportunities to purchase health insurance,” he added.

The Congressional Budget Office estimates that 400,000 previously uninsured individuals will gain coverage through AHPs under the new rule and forecasts that about four million Americans will be covered by AHPs by 2023.

Senator Rand Paul (R-Ky.), who [worked closely with the administration](#) to effect the rule change, [called](#) it “one of the most significant free market health care reforms in a generation.”

Business groups, too, applauded the move. In a [statement](#), NFIB President and CEO Juanita Duggan noted that “the cost of healthcare has been the number-one problem for small businesses for more than 30 years” and thanked Trump for “addressing regulations that make it harder and costlier for small business owners to provide healthcare for themselves and their employees.”

There is little doubt that the rule change will increase AHP enrollment, mostly at the expense of ObamaCare exchange enrollment. According to [Politico](#), “The Society of Actuaries projected that the



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expanded availability of association health plans would reduce Obamacare enrollment by 2 to 6 percent. It also predicted that customers dropping out of the exchanges will be 60 to 70 percent healthier than those who remain.”

Such predictions worry ObamaCare supporters, and with good reason. The linchpin of the 2010 healthcare law is its mandate that everyone have health insurance, thereby guaranteeing insurers a large pool of customers, few of whom will draw benefits commensurate with their premiums. Between the recent repeal of the mandate and the wider availability of AHPs, the exchanges are likely to suffer from a shrinking pool of enrollees who are more sick, driving premiums even higher than they already are, perhaps leading to the classic “death spiral.”

Then again, it’s possible the rules for AHPs haven’t been loosened enough to make this happen. To assuage critics — such as Senate Minority Leader Chuck Schumer (D-N.Y.), who claimed AHPs “weaken protections for Americans with pre-existing conditions” — the Trump administration is applying most of ObamaCare’s antidiscrimination rules to AHPs formed under the new regulations. “AHPs may not charge higher premiums or deny coverage to people because of pre-existing conditions, or cancel coverage because an employee becomes ill,” says the Labor Department. In addition, they may not “cherry pick” customers based on health status or charge different premiums to employees or employers based on employees’ health status. These rules, observes *Politico*, “may limit the ability of the plans to hold down costs,” which could doom them.

There’s also the likelihood that the new rules will be challenged in court, not to mention the possibility that the next president could revoke them just as easily as Trump instituted them. Both could discourage new AHPs from forming.

Still, to the extent that that the new rules offer Americans more avenues to escape the implosion of ObamaCare — and maybe even hasten it — they ought to be welcomed.



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