



House passes Small Business Health Fairness Act

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Legislation aims to boost health insurance by expanding coverage and lowering costs for working families

In a bid to improve the health insurance purchasing clout of small businesses, House Republicans recently dusted off a piece of legislation more than a decade old as part of their on-going effort to repeal and replace the Affordable Care Act (ACA).*

The bill would allow the establishment of nationwide “association health plans” (AHPs) that could be offered by professional or trade groups, chambers of commerce, etc. Small businesses could buy coverage through these associations, theoretically gaining strength in numbers to enhance their bargaining leverage with insurers...leading to cheaper, better coverage and lower administrative costs for employers that face limited resources.**

Although the idea of association health plans is not a new concept, they often escaped close supervision because neither states nor the federal government had clear regulatory authority over them. So, Congress amended federal law to allow states to regulate these plans. With the passage of the ACA in 2010, the Obama administration required association health plans to meet a new set of small-group standards (i.e. the essential health benefits package).

This proposal has the potential to change/reverse that direction; it would eliminate most state regulation and put oversight – along with certification – in the hands of the Department of Labor. While certain requirements like the prohibition on lifetime and annual coverage limits would still apply, plans could offer stripped-down coverage and would have more latitude in setting premiums. What’s more, they could operate in multiple states and generally avoid state-mandated benefits and other state insurance rules.

H.R. 1101 now heads to the Senate, where its fate is uncertain.

** The earlier bill passed the House in 2003 but didn't advance.*

***Due to their size and economies of scale, large businesses have the ability to negotiate on behalf of employees for high-quality health care at more affordable costs. By offering a qualified group health plan under ERISA, these large employers are also exempt from a myriad of state rules and regulations.*