

Association Health Plans in Minnesota

On June 19, 2018, the U.S. Department of Labor (DOL) released a Final Rule for Association Health Plans (AHPs). The new rule does not change or preempt existing Minnesota law that regulates these plans.

What is an Association Health Plan (AHP)?

AHPs are created in Minnesota when two or more employers come together to form an entity that offers health insurance benefits to their employees. These employers participate in the governance of both the association and the health plan it offers. AHPs provide health insurance under the large employer health insurance regulations and must follow federal requirements under the Employee Retirement Income Security Act (ERISA). AHPs must also follow Minnesota laws that regulate Multi-Employer Welfare Arrangements (MEWAs).

What do Minnesota consumers and businesses need to know about AHPs?

AHPs have existed in Minnesota for decades.

More than 80 associations operate as MEWAs in Minnesota today, and many of them are AHPs. Associations currently operating in Minnesota are not required to reform under the Final Rule. Minnesota law has standards in place governing the formation of AHPs, as well as operational requirements to help ensure that Associations are solvent, financially viable and able to pay claims. Under the new federal rule, the Minnesota Commerce Department will continue to provide regulatory and financial oversight of AHPs.

An AHP can be fully-insured or self-insured and must be in compliance with state law.

Fully-insured AHPs purchase an insurance product from a health insurance company to offer to its employees. Fully-insured AHPs must follow the requirements of Minn. Stat. §60A.02, which applies broadly to all insurance-offering entities operating in the state, and Minn. Stat. §62A.10, which governs the sale of group insurance to associations.

Self-insured AHPs take on financial risks themselves for the health insurance coverage offered to its employees. In addition to complying with Minnesota's general insurance laws, including Minn. Stat.

§60A, self-insured AHPs must also meet the requirements of Minn. Stat 62H and Minnesota Rules chapter 2765.

The New U.S. DOL Final Rule on AHPs creates a new pathway to form an AHP.

The Final Rule expands the circumstances under which a group of employers can join together and form an AHP. The Final Rule does not supersede or replace the current method of forming an AHP, but adds new qualifying criteria to form an AHP:

The new pathway for AHPs includes:

- The federal government has expanded its definition of employer under ERISA for purposes of forming or joining an AHP.
- Employers can join AHPs across state borders.
- Employers from different industries can join an Association with an AHP if the Association has at least one substantial purpose other than offering insurance.
- Associations forming under the new criteria are required to comply with federal nondiscrimination requirements that existing associations are exempt from.
- Association Health Plans that form under either the original or new criteria are considered to be Multiple Employer Welfare Arrangements (MEWA) under state and federal law.

AHPs are large group plans.

AHPs allow employers to band their collective number of employees together in order to offer health insurance benefits as if it were a single large employer. Large group plans are not required to offer the comprehensive essential health benefits that are required in the individual and small group insurance markets. Consumers and businesses are encouraged to evaluate whether any insurance product, including one provided through an AHP, meets their health insurance needs.

Who can I contact for more information?

Minnesota Commerce Department

Consumer Services Center

consumer.protection@state.mn.us

651-539-1600

800-657-3602 (Greater Minnesota)