

# AFL-CIO

## LEGISLATIVE ALERT

June 20, 2023

Dear Representative:

On behalf of the AFL-CIO, I urge you to oppose the CHOICE Arrangement Act (H.R. 3799). This package would make two substantial changes in health coverage policy – both harmful to workers.

First, H.R. 3799 will loosen the definition of association health plans (AHPs), opening the door for more employers to establish plans that evade Affordable Care Act (ACA) requirements to cover essential health benefits and participate in market-wide risk pools. Despite what their name suggests, association health plans are not a form of niche coverage for professional associations. Under current rules, AHPs may be established by multiple employers and draw broadly from insurance markets to enroll self-employed individuals. With the ability to set rates based on a limited pool of enrollees, AHPs have been able to offer coverage with lower premiums, but their track record is poor. Too often, these plans misjudged the risks involved and have gone insolvent, leaving enrollees in the lurch. In other cases, enrollees have been defrauded by scammers who exploited the AHP regulatory loopholes.

Second, under the guise of “protecting” stop-loss insurance for self-funded group health plans, H.R. 3799 would allow employer health plans to avoid the ACA requirement that insured plans cover essential health benefits. The policy is intended to allow plans that are unable to actually self-fund with adequate reserves to instead purchase a high level of stop-loss insurance. Lack of adequate reserves leave many of these plans, and their enrollees, at risk since stop-loss insurers often retain the right to drop the insurance if medical costs for the group begin to climb. This is not a stable form of coverage.

By allowing plans to offer coverage that does not comply with ACA essential health benefits requirements, both of these policies would allow plans to cherry pick healthier, less-costly enrollees from the small group and individual markets. This will increase premiums for good comprehensive coverage because risks cannot be spread widely to reduce costs for all.

We urge you to protect working people by opposing this legislation that undermines comprehensive coverage and subjects workers to financial risk.

Sincerely,



William Samuel  
Director, Government Affairs