



Trump's ObamaCare alternative to save small businesses big money

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The Trump administration on Tuesday unveiled a new rule that will make it easier for small businesses to join together to set up cheaper health care plans, with the potential to save consumers thousands in premium costs.

The White House, along with the Department of Labor, will expand the ability of businesses to use association health plans (AHPs), which will make it easier for small businesses to join together and buy health insurance while claiming the same federal exemption from insurance regulation enjoyed by large businesses.

“ObamaCare has been especially brutal for small business” said President Trump while speaking at the National Federation of Independent Businesses 75th anniversary celebration on Tuesday.

The enhanced rule is expected to amount to major cost savings:

Premiums will be about \$9,700 lower compared with the individual market and \$2,900 a year lower compared to the small group market, according to health care consulting firm Avalere.

While association health plans are not subject to the full requirements mandated under ObamaCare – and therefore won't need to offer all the essential health benefits – the administration confirmed the plans would not be able to deny coverage for those with pre-existing conditions.

Avalere said as many as 3.2 million Americans are expected to take advantage of these skimpier plans by 2022, which in turn will increase prices on the ACA exchanges by about 5%. The more people who leave the federal exchanges, the more costs will increase.

The White House said reforming AHPs will level the playing field between small and big businesses when it comes to the scope of health care coverage they can offer. It will boost their ability to tackle regulatory challenges.

“Many small business owners cannot afford to offer health insurance to their employees,” the White House said in a statement. “This reform allows small employers – many of whom are facing much higher premiums and fewer coverage options as a result of ObamaCare – a greater ability to join together and gain many of the regulatory advantages enjoyed by large employers.”

In October, Trump issued an order directing the administration to consider expanding association health plans.

AHPs are not without controversy and some experts had predicted there could be legal challenges, but supporters say it would increase competition by allowing employers to find the states offering the cheapest plans. It could also give more leverage to small businesses to negotiate policies.

Even so, not all conservatives think the reform is a good idea.

“ObamaCare made this bad idea seem good,” Michael Cannon, director of health policy studies at the Cato Institute, told FOX Business. “Association health plans have always been a terrible idea—and violated Republicans’ federalist principles—because they move health-insurance regulation from the state level to the federal level.”