



February 24, 2021

TO: The Honorable Delores G. Kelley, Chair
The Honorable Brian J. Feldman, Vice Chair
Members of the Senate Finance Committee
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SUBJECT: SB 621 Association Health Coverage Plans

POSITION: OPPOSE

Thank you for the opportunity to provide comments on SB 621 — Association Health Coverage Plans, that would expand association health plans in Maryland. The American Lung Association, American Cancer Society Cancer Action Network, and American Heart Association believe that everyone should have quality and affordable healthcare coverage. However, expanding access to association health plans (AHPs), as SB 621 does, would not provide consumers with the coverage that they need to stay healthy and would be particularly harmful for patients with pre-existing conditions like asthma, COPD, heart disease, cancer and other lung diseases.

AHPs do not provide the same robust benefit as health insurance plans in the exchange are required to cover, such as the ten essential health benefits including prescription medications and hospitalizations.

Cancer and heart disease patients have unique health needs. Comprehensive coverage is vital for all cancer patients to have access to the medications, treatments, and specialists they require to live.

These plans can discriminate against sicker patients, either denying them coverage or cherry-picking healthier consumers. Additionally, AHPs do not have to maintain basic network adequacy standards, which could result in patients not being able to get the care they need.

While AHPs are often promoted as way to expand healthcare coverage actuarial estimates of their impact suggest most AHPs will be picking up already insured customers. By 2023, 90 percent of people purchasing AHPs would already have had coverage through other means according to a 2018 CBO report.¹ We understand the challenges small businesses and self-employed people have in finding affordable healthcare coverage but expanding AHPs will not result in more people with healthcare that is affordable, adequate, and accessible.

We fear that SB 621 could result in more segmentation of the marketplace. Younger, healthier people would be drawn to AHPs by lower prices and less generous benefits. This could further drive-up premiums in the marketplace.

Similar plans also have a history of fraud and insolvency. If this continues, patients could pay their premiums but still not have the coverage they were promised when they get sick. This could leave patients with cancer, heart disease, and other expensive illnesses with massive medical bills or force them to forgo needed treatment.

Additionally, a federal court recently found that major portions of the Administration's recently finalized AHP regulation are unlawful. Judge John D. Bates wrote that "the [Administration's] Final Rule is clearly an end-run around the ACA. Indeed, as the President directed, and the Secretary of Labor confirmed, the Final Rule was designed to expand access to AHPs in order to avoid the most stringent requirements of the ACA."

The court remanded those portions of the rule to the U.S. Department of Labor (DOL), and while DOL may appeal the decision, it's clear that Maryland would be standing on unstable ground by expanding AHPs, as this case makes its way through the court system.

The American Lung Association, American Cancer Society Cancer Action Network, and American Heart Association are committed to working with you to expand access to quality and affordable health coverage, but association health plans are not the right solution. Therefore, we respectfully ask the Committee for an **unfavorable report** on SB 621.

¹ Congressional Budget Office. Federal Subsidies for Health Insurance Coverage for People Under Age 65: 2018 to 2028. May 2018. <https://www.cbo.gov/system/files/115th-congress-2017-2018/reports/53826-healthinsurancecoverage.pdf>