

ACA UPDATE:

Executive Order to Expand Choice



On October 12, 2017, President Trump [issued an Executive Order](#) regarding the expansion of health care choices and competition. In particular, the Order was issued to “facilitate the purchase of insurance across State lines” and for the development and operation of a healthcare system that provides high quality care and affordable prices.

In order to achieve these goals, the Executive Order focuses on three categories of coverage: Association Health Plans (AHPs), Short Term Limited Duration Insurance (STLDI) and Health Reimbursement Arrangements (HRAs). Those categories are addressed as follows:

Association Health Plans (AHPs)

The Executive Order directs the Department of Labor (DOL) to issue guidance within 60 days to expand the use of AHPs in the current market by expanding the commonality of interest requirements under current DOL opinions interpreting the definition of “employer”. The goal of this action is to help small businesses band together to self-insure or purchase large group insurance for the employer-sponsored health insurance they offer their employees.

Short-Term Limited Duration Insurance (STLDIs)

The Departments of Labor, Treasury and Health and Human Services are directed to provide proposed regulations or guidance to expand the use of STLDIs in the market. Although these plans were not eliminated by the ACA, the maximum duration of such plans was shortened to 3 months or less and extensions of coverage were not allowed. The Order requires the Departments to expand the time periods for STLDIs and allow renewals of coverage

Health Reimbursement Arrangements (HRAs)

The ACA limited the use of employer-sponsored HRAs. The Executive Order directs the Departments to issue guidance expanding the use of HRAs in the employer market and allow HRAs to also be used in connection with non-employer coverage.

Key Takeaway: This Executive Order expands the administration’s commitment to loosening existing rules of the Affordable Care Act and subsequently would offer employers with more options in the market. It should be noted that until guidance is provided by the Departments of Labor, Treasury, and Health and Human Services, we will not fully know how this order will be implemented.