

# PUBLICATION

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## Trump Executive Order Expected to Expand Association Health Plans and Short-Term Coverage

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President Trump is expected to issue an executive order in the coming days that would direct federal agencies to expand access to association health plans (AHPs), which would be exempt from the ACA's coverage requirements and eligible to be sold across state lines. The executive order would also expand access to short-term health plans, previously limited to 90 days, by allowing these plans to be purchased for up to a year. Expanding access to AHPs and short-term insurance plans would likely create cheaper, less comprehensive insurance options. However, this new policy may also encourage adverse selection that could increase premiums on the individual market if healthier consumers flock to these plans, leaving behind only sicker, more expensive consumers purchasing comprehensive coverage through the ACA's insurance exchanges.

**Background and Analysis:** The executive order is expected as a response to the latest failed attempt to repeal-and-replace the ACA. The order is expected to direct the Departments of Health and Human Services, Labor, and Treasury to take actions to allow individuals and small businesses to collectively purchase insurance through AHPs sponsored by trade associations, community groups, and other organizations. These plans would likely have lower premiums because they would not be subject to the ACA's guaranteed issue and Essential Health Benefits requirements. AHPs would also not be subject to state insurance mandates and consumer protection laws, and consumers could join an AHP that is sold from any state, which is why the Administration is framing the forthcoming executive order as meeting the long-held conservative goal of allowing health insurance to be sold across state lines. Democrats and some insurers have criticized the proposal because it may potentially contribute to increased premiums for individuals with comprehensive coverage, if AHPs skim off healthier consumers and leave the risk pool with relatively more sicker, expensive consumers.