

California Society of Association Executives
Health Care Reform
Association Involvement - Suggestions and Solutions
May 10, 2007

What are the barriers for associations to create or manage competitive and effective health insurance programs for members? Conversely, what would make the creation and management of such programs easier? Suggestions below are based on the CalSAE membership survey and membership interviews (Association Health Plan Survey Analysis – March, 2007).

- A. Include associations within overall health care reform as a competitive option from which society can generally draw upon for health insurance coverage. Participation should be limited to bona fide associations (“guaranteed associations”) as defined in Health Insurance Code Section 10700 y).
- B. Redefine small business from 2 to 50 employees to 1 to 50 employees (Insurance code section 10700 w) 1). Associations are unable to offer health insurance to legitimate businesses with one employee, in the form of sole-proprietors.
- C. Update timing requirements used in current insurance code. The definition of a “guaranteed association” states that it must have been in existent for at least five years prior to January 1, 1992. In addition, the association must have been offering health insurance for at least five years prior to January 1, 1992 While dates of both requirements should be updated, the latter requirement is particularly outdated (Insurance Code Section 10700 y) 5&6).
- D. Support “pooling” of membership through associations for purposes of offering health insurance and gaining more competitive rates. We believe legislation would be needed to create the circumstances in which associations can pool their membership for insurance purposes and be treated like a large employer. This would allow these plans to achieve more competitive rates.
- E. Many associations report that the ‘minimum’ number of enrollees for a plan is too high. Current law requires that 1,000 persons be covered with the carrier with which it contracts (Insurance Code Section 10700 y) 10).
- F. Allow insurance carriers to provide a greater variety of small business plan options. It appears that carriers are required to offer the same plan for small business throughout the state.