



## *Association Group Insurance- an Established, Effective, and Affordable Health Insurance Option for Individuals*

Communicating for America (CA) is a rural, non-profit, non-partisan, member-based organization. Our national headquarters have been located in Fergus Falls, Minnesota since 1972. CA has members in all 50 states that include small businesses, farmers and self-employed individuals. For more than three decades, CA has been working to ensure that rural Americans have access to affordable health insurance.

CA strongly believes that Association Group Insurance is an important option for those Americans purchasing their own health insurance. Association Group Insurance provides members the buying power and administrative savings of employer based group coverage, while also offering the flexibility and portability of individual coverage. As an organization that has more than 35 years of experience serving the needs of rural America, CA has the unique insight and ability to tailor insurance policies to the needs of small businesses, farmers, and self-employed Americans, all of which are the back bone of our rural communities.

Associations are issued a master policy with each participating member being issued an individual certificate. In most states individuals are required to be a member of the association in order to be a certificate holder. A few states treat association group insurance as guarantee issue, but most allow it to be underwritten.

Association Group Insurance is not a new concept. Purchasing health insurance through reputable and established associations has served the needs of millions of Americans for several decades. CA believes that as health insurance costs continue to skyrocket, leaving more and more individuals without coverage every day, now is not the time to limit the options of consumers, but rather to offer consumers as many options as possible, which will increase competition and lower premiums for everyone.

*The Power of the  
Association-*

*Association Group Insurance has the ability  
to provide flexibility and buying power to  
individuals purchasing their own insurance*

Health insurance that associations offer their members is regulated by the states and is from a fully licensed insurance company. The National Association of Insurance Commissioners requires that associations offering group insurance:

- “Shall have at the outset a minimum of 100 persons and have been organized and maintained in good faith for purposes other than that of obtaining health insurance.”

- “Shall have been in active existence for at least one year.”
- “And shall have a constitution and by-laws that provide that (i) the association hold regular meetings...(ii)...collect dues or solicit contributions from members, and (iii) the members have voting privileges and representation on the governing board and committees.”<sup>1</sup>

Critics argue the association group insurance is not regulated by the states, but 46 states specifically authorize association group insurance and mandate the benefits that are required to be offered. While some states do not regulate the association group market to the same extent as individual and small group markets, this is why associations are able to offer policies in these states that are more flexible, innovative, provide more choices and ultimately lower prices for consumers.<sup>2</sup>

CA believes in the need for comprehensive healthcare reform, but we are concerned that the current versions of proposed legislation would increase the premiums for both the individual and small group markets, as recent CBO reports suggest. Language that would strengthen reputable and established association’s ability to offer their members group health insurance will ensure that individuals paying for their own health insurance benefit from healthcare reform and have access to high quality and affordable health insurance.

*Association Group Insurance combines the economies and savings of group insurance with the portability and personal ownership of the individual market*

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<sup>1</sup> “Issues & Answers”, The Council for Affordable Health Insurance, No. 126, July 2004

<sup>2</sup> Council for Affordable Health Insurance