



## Benefits Briefing VOLUME 37

Perspectives on Association Health Plans and Communications Preferences  
From a Survey of Brokers  
(Q2, 2020)

National Employee Benefits Advisory Forum (NEBAF)

# Executive Summary

## Background & Methodology

The National Employee Benefits Advisory Forum (NEBAF) conducted an online information exchange in March 2020 to understand its members' experiences regarding various employee benefits-related topics.

This summary includes perspectives from brokers regarding:

- Association Health Plans, especially as related to the 2018 legislation, and
- Communications preferences

The information in this report is based on an online survey taken by 314 brokers.

Within this summary, we identify and call out differences in results by broker market focus, where applicable. Market groupings include the following: Small (<100 U.S. employees), Mid-size (100 - 4,999 U.S. employees), and Large (5,000+ U.S. employees).

This Briefing presents findings from brokers regarding Association Health Plans, or AHPs.

- Most brokers are at least somewhat familiar with AHPs as a non-medical benefits option for small businesses.
  - Of those, almost all are also familiar with the 2018 legislation that amended the definition of AHPs.
- About half of brokers who are familiar with AHPs and the 2018 legislation say they are more likely to participate in the creation or placement of coverage an AHP as a result of the amended definition.
  - Mid-size brokers are more likely than Large or Small brokers to say they are neutral or indifferent about participating in AHPs as a result of the amended definition.
- Among brokers familiar with AHPs and the 2018 legislation, most have not been involved in the creation of AHPs, and only about a quarter say they currently have AHPs as clients.
  - Of brokers with AHPs as clients, about half say a single AHP, on average, covers 25+ employers, while half say a single AHP typically covers fewer than 25 employers.

Brokers also shared their experiences with, and preferences for, communications from carriers.

- When asked what topics related to non-medical insurance they are currently most interested in, brokers most commonly say disability insurance.
  - Other top topics of interest include supplemental/voluntary/worksites benefits, and dental insurance.
- Brokers most frequently receive email communications from carriers, with over eight in ten receiving emails from carriers daily or weekly.
  - More than half receive email communications from carriers daily.
- Brokers receive other forms of communications from carriers with varying degrees of frequency.
  - Brokers are more likely to receive communications from carriers by social media or phone at least monthly, and most brokers tend to receive postal mail or face-to-face communications quarterly or less often than quarterly.
- The frequency of most types of carrier communications aligns with brokers' preferences, with the exception of emails, which brokers would like to receive less often.
  - Almost half of brokers would prefer to receive emails from carriers weekly, while about a third would prefer to receive them monthly, at most.

## Talking About: Reasons Why Brokers are Much More Likely to Participate in Association Health Plans after the 2018 Legislation

When asked why they are much more likely to participate in AHP coverage as a result of the amended AHP definition in the 2018 legislation, brokers say these plans help small businesses get better benefits for lower prices:

*“It’s a great benefit for small groups. Better benefits and better pricing.”*

*“It is another way for small employers to band together to purchase employee benefits.”*

*“Historically the issue has been carrier interest, not the opportunity for member companies. The market is seeing more push toward buying power/leverage.”*

*“Reach more members, make additional premium.”*

*“Frankly, because of the news coverage we have had interest from clients in pursuing. Based on that interest we have done a lot of research and it is a matter of time before we write one.”*

## Association Health Plans

We asked brokers about their experiences with, and interest in, Association Health Plans.

### Familiarity with Association Health Plans

We asked each broker participant how familiar he or she is with Association Health Plans (AHPs) as a way to offer non-medical benefits to small business employers.

**More than four in five brokers have some level of familiarity with AHPs.** About two in ten say they are very familiar with these plans, while roughly two-thirds are familiar or somewhat familiar; only about two in ten are not familiar with AHPs.

### Familiarity with the 2018 Legislation

We then asked brokers who are at least somewhat familiar with AHPs for non-medical benefits how familiar they are with the recent legislation enacted in 2018, amending the definition of Association Health Plans.

**Among brokers at least somewhat familiar with AHPs for non-medical benefits, the majority is at least somewhat familiar with the 2018 AHP legislation.**

Only about 10% are not familiar with the AHP legislation enacted in 2018. About 15% consider themselves to be very familiar with this legislation.

### Likelihood of Participating in the Creation or Placement of Coverage of an Association Health Plan

We also asked those brokers who are at least somewhat familiar with AHPs for non-medical benefits and at least somewhat familiar with the 2018 legislation about their likelihood of participating in the creation or placement of coverage of an Association Health Plan, as a result of the amended definition.

**About half of these brokers are much or somewhat more likely to participate in AHP coverage as a result of the amended definition.** About four in ten are neutral or indifferent, while only about one in ten are somewhat less or very unlikely to participate. This suggests that the legislation will help increase the incidence of AHPs and their access to group insurance, as intended.

Interestingly, brokers serving mid-size employers are more likely than those primarily serving small and large employers to say they are neutral or indifferent (50% vs. 30% and 36%, respectively).

## Did You Know? Association Health Plans & Lower Premiums

According to a 2019 *Washington Post* article about Association Health Plans<sup>1</sup>:

- In 2019, over 100 Chambers of Commerce (representing over 20,000 people) were participating in AHPs
- Some participants in these AHPs say they saved up to 60% on their monthly premiums compared to marketplace coverage
- Similarly, participants in TranscendAHP, an AHP started by The Small Business Association of Michigan and MichBusiness, say they saved 25 to 35% as a result of switching from marketplace coverage to an association plan
- AHPs like TranscendAHP are now awaiting the ruling of a federal appeals court on whether the 2018 amended definition can stand (after the legislation was challenged in a 2019 lawsuit)

## Likelihood of Participating in the Creation or Placement of Coverage of an Association Health Plan (cont.)

Also, those brokers with AHPs as clients already tend to say they are much more likely to participate in AHP coverage as a result of the amended definition of AHPs, as compared to those without AHPs as clients currently (26% vs. 4%).

## Involvement in Creating Association Health Plans

We asked that same group (those who are at least somewhat familiar with AHPs for non-medical benefits and at least somewhat familiar with the 2018 legislation) if they, or their companies, have ever been involved in the creation of an AHP.

**Most brokers and their companies have not been involved in the creation of an AHP.** Roughly three in ten say they, or their companies, have been involved in the creation of an AHP.

Interestingly, we don't see any differences by size of client focus. It might be expected that those brokers who focus on small employers (less than 100) would be more likely to be involved in the creation of AHPs, but that's not the case.

## Whether Brokers have AHPs as Clients

We then asked those same brokers if they have any Association Health Plans (AHPs) as clients.

**Just over a quarter (27%) currently have AHPs as clients.** Despite their familiarity with these plans, we find a fairly low participation rate with these types of plans.

Among those brokers that do have AHPs as clients they report having an average of 8.9 AHPs as clients.

## Number of Employees Covered under a Single AHP

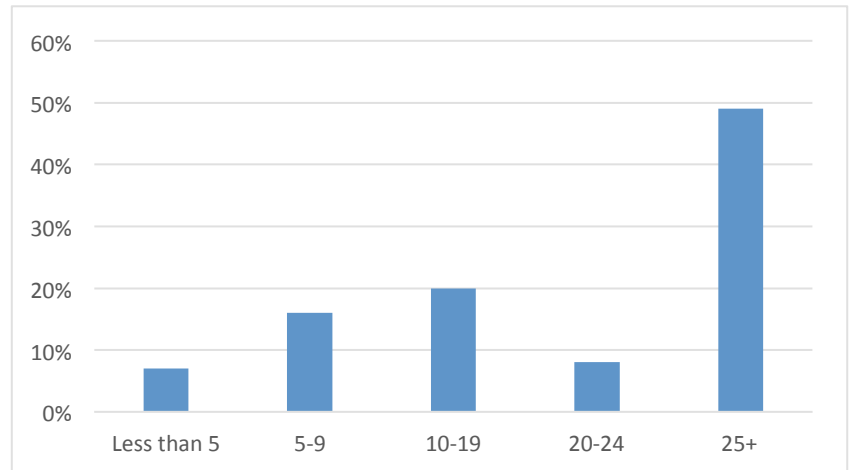
We asked brokers who have AHPs as clients how many employers, on average, are typically covered under a single AHP.

**About half of those with AHPs as clients report that a single AHP typically covers 25 or more employers. This is the most common answer.** The remaining half of brokers say that a single AHP covers, on average, 25 or fewer employers. See full details in the chart on the next page.

<sup>1</sup><https://www.washingtonpost.com/news/po-nerpost/paloma/the-health-202/2019/11/15/the-health-202-tens-of-thousands-of-americans-are-about-to-lose-their-association-health-plans/5dcdbcf9602ff1184c316503/>

## Number of Employees Covered under a Single AHP (cont.)

### Number of Employers Typically Covered under an AHP



### Value to Brokers of Representing an AHP

We asked brokers who have AHPs as clients what they see as the value to their firms of representing an AHP, and this is what they shared (in order of number of mentions):

- Consolidation of small employers
- Increased negotiating power with carriers
- Increased customer satisfaction
- Higher commissions

These brokers indicate that they most value the consolidation of small employers; this suggests that they would like help with managing large numbers of small employers and they think there would be efficiencies gained by consolidating them.

## Talking About: Brokers' Interest in Topics Related to Non-Medical Insurance

We asked brokers what non-medical benefits topics most interest them, and this is what they shared:

*“Disability and employee work-site benefits.”*

*“Voluntary plans, dental, vision, long-term disability.”*

*“We are beginning to see a huge shift in benefit needs and demands. Dental, vision, and disability are desirable, but as the workforce changes, we are seeing a shift towards benefits that help people potentially improve their lives. Mental/emotional health support. Food insecurity support. Strong, robust EAPs - not the free value-added ones. Financial coaching. Identity protection. People need care and comfort and resources to solve needs that affect their ability to be fully present during the workday.”*

*“I would like to continue to learn about the evolving nature of the disability market particularly because of how the states are starting to do mandated coverages for those within the state, and a lot of times those do not work well with disability that may be in place through the commercial market.”*

*“Work life balance.”*

## Broker Communications

We also asked brokers about their preferences with regard to communications.

### Topics Related to Non-Medical Insurance in which Brokers are Most Interested

First, we asked brokers, unaided, to share what topics related to non-medical insurance they are currently most interested in.

**Brokers most commonly say they are interested in disability insurance.** The most common topics named include (in order of frequency):

- Long- and Short-term Disability insurance (16%)
- Supplemental/Voluntary/Worksite Benefits (13%)
- Dental Insurance (11%)
- Cost savings/cost concerns (10%)

See left-hand column for more details.

### One Non-Medical Benefits Topic in which Brokers are Most Interested

We then asked brokers, unaided, if they could learn about any one non-medical topic, what it would be.

**When asked to select one topic of interest, disability insurance again receives the most mentions.** Almost two in ten brokers say this; other single topics of interest include supplemental/voluntary/worksite benefits (7%), dental insurance (6%), and compliance/regulation (5%).

Notably, when brokers can only select one topic, cost savings/cost concerns is not among the most desired topics.

### Frequency and Types of Communications from Carriers

We also asked participants how often they receive various types of communications from carriers.

**Brokers most frequently receive communications from carriers via email, with over half of brokers receiving email from carriers daily, and more than a quarter receiving emails weekly.** Other types of communication typically occur much less frequently; for example, fewer than 5% of brokers communicate face-to-face with carriers or by phone or postal mail daily.

## Frequency and Types of Communications from Carriers (cont.)

While just over half of brokers receive communications from carriers via social media or phone at least monthly, most brokers communicate with carriers face-to-face or by postal mail quarterly or less often than quarterly.

Carriers' use of newer forms of communication, like social media, shows some interesting trends. While a quarter of brokers never receive communication from carriers by social media, a third of brokers receive it at least weekly. Alternatively, while almost all brokers (94%) communicate face-to-face with carriers, fewer than one in ten do so weekly or more.

### **Frequency of communication varies slightly by market size.**

Brokers focused on small employers are more likely to receive daily email communication from carriers, as compared to brokers focused on mid-size employers; Mid-size brokers are more likely to receive weekly email communication from carriers than Small brokers. Large brokers are less likely to say they never receive social media communication and/or phone communication from carriers than Mid-size brokers.

## Frequency with which Brokers Would Like to Receive Communication

Then we asked brokers how frequently they would prefer to receive these types of communications from carriers.

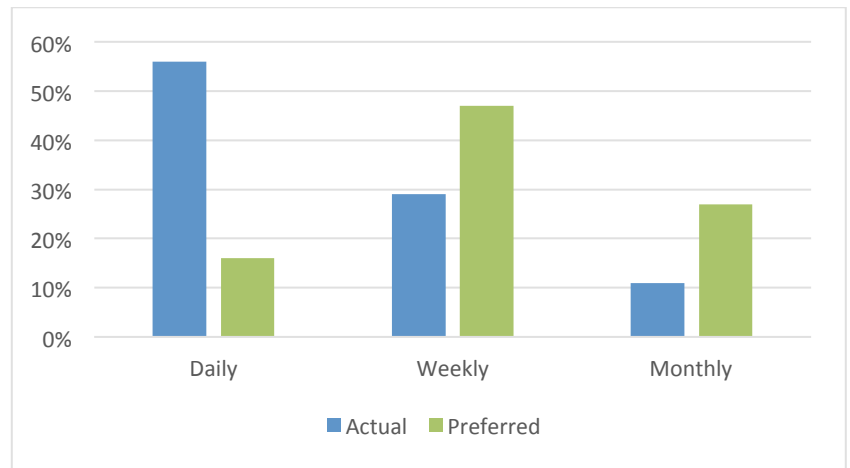
**With the exception of emails, the current pace of communications fairly closely matches brokers' preferences.** In general, brokers' preferences align fairly closely with their current frequency of receiving communication from carriers.

Social media again shows an interesting pattern; while three in ten brokers say they *never* want to receive communications from carrier by social media, a quarter would like to receive it at least weekly.

**Brokers would prefer to receive email less frequently.** Although more than half of brokers currently receive daily emails from carriers, only two in ten prefer this frequency. Instead, about half of brokers would prefer to receive emails weekly, and the remainder (about a third) prefer to receive emails monthly or less.


## Frequency with which Brokers Would Like to Receive Communication (Cont.)

### Preferred vs. Actual Frequency for Receiving Emails from Carriers



Results show that most brokers prefer to receive communications (with the exception of emails) monthly or less frequently. Although brokers do prefer to receive email more frequently than other types of communication, they still prefer to receive it less frequently than they do currently. With a daily influx of carrier emails, it must be difficult for brokers to manage that amount of information and discern what's most pertinent and useful.





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