The Trump administration released an executive order (EO) on Oct. 12, 2017, directing the purchase of insurance across state lines with a focus on three areas: association health plans (AHPs), short-term limited duration insurance (STLDI) and health reimbursement arrangements (HRAs). It calls on several agencies to act, including the Department of Labor, the Department of Health and Human Services and the U.S. Treasury.

Association Health Plans (AHPs)**:** These types of plans have been around since the late 1980s and would allow similar employers to form AHPs through existing or new organizations. The administration's proposal would allow employers to expand the plans they can offer their employees at lower rates in comparison to the large insurance market. The EO directs the secretary of Labor to widen the interpretation of Employment Retirement Income Security Act ERISA, allowing employers in the same fields to form AHPs across states lines. A reinterpretation or change to ERISA could prompt legal action.

Short-Term, Limited Duration Insurance Plans: The EO also directs these agencies to expand the Short-Term, Limited Duration Insurance plan. Under the Affordable Care Act (ACA), these plans only last for 90 days; this proposes expanding coverage to 12 months. These plans are also not required to include all Essential Health Benefits (EHB) or assist with prescription drug costs in some instances.

The administration points to these plans as having broad provider networks while still maintaining a high amount of coverage. This expansion could benefit people who are between jobs, those living in areas with a single insurance provider and those who may have missed open enrollment for insurance but still want coverage. The ACA accounts for different life events that would force someone to enroll outside of the normal enrollment period, but does make such plans more restrictive; i.e., only lasting for three months and penalizing those without a sufficient reason, such as job loss, to enroll in the marketplace whenever they want. Short-term plans have been explored as a way to draw in younger and healthier people who want basic coverage with affordable payments.

Health Reimbursement Arrangements (HRAs): The executive order also assists employers in expanding HRAs to their employees and also allows them to be used with nongroup coverage. HRAs are used by employers to reimburse employees for health-care expenses like deductibles and copays. Some have suggested that given this option, some employers may opt to provide employees direct funding to purchase plans. Others disagree, saying employers will continue to play a role in negotiating with insurance carriers on plans.

Next Steps: This EO is asking the agencies to make these suggested changes, and does not put any direct action in motion. The agencies will have to consider what has been proposed, decide what actions they will take and make any proposed changes open for public comment. This would likely mean that significant changes to the health insurance market would not be seen until 2019.

The administration also requests that each of these agencies, along with the Federal Trade Commission, provide a report detailing how existing state and federal laws, regulations and policies do not conform with the policies in the EO, and to provide details on how states or the federal government could carry out this order. This report is requested 180 days after the issuance of the EO and every two years after. This EO could create more insurance options, but which services would be covered is not clear, as the White House said it has not decided which state and federal rules would apply to them.

Cost-Sharing Reduction Payments: The administration also announced it would no longer be making Cost Sharing Reduction (CSR) payments to insurance companies. The payments have been made by the administration on a monthly basis, and have been a point of debate for the past several months. In light of the announcement, insurance companies have said without the payments, they will have to either increase insurance premiums or leave certain markets. Some states had already increased premiums to account for discontinued CSR payments. Insurance companies, providers and some states are looking to Congress to address their concerns. Chairman of the Senate Health, Education, Labor and Pensions Committee Lamar Alexander (R-Tenn.) and Ranking HELP Member Patty Murray (D-Wash.) held hearings on legislation that would have Congress appropriate CSR payments moving forward, and have been in ongoing negotiations to bring the legislation to the floor for a vote.