Lower Health Care Premiums for All Americans Act

A Plain-Language Summary

Big Picture: What This Bill Is Trying to Do

This bill is designed to **reduce health insurance premiums and expand coverage options**, especially for **workers, small employers, self-employed individuals, and people facing high prescription drug costs**.

It does this in **three major ways**:

1. **Expanding employer-based coverage options** (especially through Association Health Plans and new reimbursement arrangements).
2. **Giving employers more flexibility to help workers buy individual health insurance**.
3. **Shining a bright light on prescription drug pricing and pharmacy benefit managers (PBMs)** to reduce hidden costs that raise premiums.

The underlying idea is that **more competition, more transparency, and more flexibility** will lead to **lower premiums and better choices**.

TITLE I — Improving Health Care Options for Workers

1. Association Health Plans (AHPs): Letting Employers Band Together

What Problem Is Being Addressed?

Small employers and self-employed workers often face **much higher insurance premiums** than large companies. Large employers get better rates because they can spread risk across many workers. Small employers usually cannot.

What the Bill Does

The bill allows **groups or associations of employers** — even if they are in different industries — to **join together and offer one large group health plan**, called an **Association Health Plan (AHP)**.

In plain terms:

- A local restaurant, a landscaping company, and a small tech firm could **join the same health plan**.
- Freelancers and self-employed individuals can also participate under defined rules.

Key Protections Included

To prevent abuse or "junk insurance," the bill includes several safeguards:

- **The association must be real**
  It must exist for **at least two years** and have a legitimate purpose beyond selling insurance.
- **Employer control is required**
  Employers — not insurance companies — must control at least **75% of the governing board**.
- **No discrimination based on health**
  Plans **cannot deny coverage, raise premiums, or exclude people** based on:
  - Pre-existing conditions
  - Health status
  - Medical history
- **ACA consumer protections still apply**
  These plans must still follow major Affordable Care Act (ACA) rules, such as:
  - No pre-existing condition exclusions
  - No discriminatory pricing

Why This Matters

Supporters argue that this:

- Gives small businesses **large-employer bargaining power**
- Lowers premiums through **bigger risk pools**
- Expands options for **self-employed workers**

Critics worry it could:

- Pull healthier groups out of ACA markets
- Raise premiums for people left behind in individual exchanges

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2. Stop-Loss Insurance: Protecting Self-Insured Employers

What Problem Is Being Addressed?

Some states treat **stop-loss insurance** (insurance that protects employers from catastrophic claims) as regular health insurance — which can limit its use.

What the Bill Does

The bill clarifies that:

- **Stop-loss insurance is not health insurance**
- States **cannot block employers from using it**

Why This Matters

This makes it easier for **small and mid-sized employers** to:

- Self-insure their health plans
- Protect themselves from extremely high claims

- Offer coverage at a lower cost

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3. Health Reimbursement Arrangements (HRAs): Letting Employers Help Workers Buy Their Own Insurance

What Problem Is Being Addressed?

Some employers want to help workers pay for insurance but **don't want to sponsor a traditional group plan**.

What the Bill Does

The bill expands and clarifies rules around **employer-funded reimbursement accounts**, allowing employers to:

- Give workers **tax-free money**
- Workers use that money to:
    - Buy **individual market insurance**
    - Pay out-of-pocket medical costs

These arrangements are called **Custom Health Option and Individual Care Expense Arrangements**.

Key Rules and Protections

- Employers must offer the arrangement **fairly across employee classes**
- Employers **cannot cherry-pick based on health**
- Workers must actually be enrolled in health coverage
- Employers must provide **clear written notice** explaining the arrangement

Why This Matters

This:

- Increases worker choice
- Helps employers that cannot afford group plans
- Supports people buying coverage on the individual market

TITLE II — Lowering Health Care Premiums for Everyone

The Core Issue: Prescription Drug Costs and PBMs

Prescription drugs are one of the **fastest-growing drivers of insurance premiums**. Much of that cost growth happens **behind the scenes**, particularly through **Pharmacy Benefit Managers (PBMs)**.

PBMs:

- Decide which drugs are covered
- Negotiate rebates with drug manufacturers
- Often operate with little transparency

PBM Transparency and Oversight: Opening the Black Box

What Problem Is Being Addressed?

Employers and patients often **don't know**:

- How much PBMs are paid
- How much rebates influence drug choices
- Whether PBMs steer patients to higher-cost drugs

What the Bill Does

The bill requires PBMs to provide **detailed reports** to health plans, including:

- Actual prices paid for drugs
- Amounts paid to pharmacies
- Rebates and discounts received from manufacturers
- Differences between what plans pay and what pharmacies receive
- Out-of-pocket costs for patients
- Whether PBMs are steering patients to affiliated pharmacies

Reports must be:

- Written in **plain language**
- Available in **machine-readable formats**
- Provided **at least twice a year**

What Participants Can See

Patients can request:

- Summary information about drug costs
- Details about how PBM practices affect their out-of-pocket spending

Penalties for Non-Compliance

- $10,000 per day for failure to report
- Up to $100,000 per false or misleading data item

Why This Matters

The goal is to:

- Reduce hidden drug markups
- Expose pricing games that inflate premiums
- Give employers leverage to negotiate better PBM contracts

Privacy and Civil Rights Protections

The bill explicitly states that:

- **HIPAA privacy rules remain fully in effect**
- No new authority is created to misuse patient data
- Existing civil rights laws still apply, including:
    - ADA
    - ACA Section 1557
    - Genetic Information Nondiscrimination Act

This is designed to ensure **cost transparency does not come at the expense of patient privacy**.

When Would This Take Effect?

- Most insurance and PBM provisions would begin **30 months after enactment**
- Health reimbursement arrangement changes apply to **plan years starting after December 31, 2025**

Who Benefits Most If This Bill Passes?

Potential winners:

- Small businesses
- Self-employed individuals
- Employers seeking flexible benefit models
- Patients burdened by high drug costs

Potential concerns:

- ACA exchange risk pools
- Regulatory oversight of association plans
- Implementation complexity for PBM reporting

Bottom Line

This bill represents a **market-oriented approach** to lowering health care premiums. It does not replace the Affordable Care Act but **layers new options and transparency requirements on top of it**.

In plain terms, it tries to:

- Let employers **buy insurance together**
- Let employers **help workers buy their own coverage**
- Force drug middlemen to **show their math**

Whether it succeeds depends largely on **how it is implemented and enforced**, particularly around PBM transparency and association health plan oversight.

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