

Multiple Employer Welfare Arrangements FAQs

What is a Multiple Employer Welfare Arrangement?

A Multiple Employer Welfare Arrangement (MEWA) is a type of multiple employer plan (MEP) that provides health and welfare benefits to the employees of two or more unrelated employers.

Is a MEWA a new type of health plan?

No, MEWAs have been around for decades. MEWAs are relatively rare today, however, due in part their history of inadequate financial management, unpaid claims, and in some cases, embezzlement and fraud.

Is a MEWA fully insured or self-funded?

A MEWA can be either fully insured or self-funded. According to the U.S. Department of Labor, self-funded MEWAs cause problems more often than fully-insured MEWAs.¹

Are MEWAs subject to state or federal regulation?

Yes. The federal government and states both have jurisdiction over MEWAs.

Does the health reform law affect MEWAs?

Yes. The health reform law requires MEWAs to file additional reporting to determine whether it is in compliance with Part 7 of ERISA. The law also made it a crime for anyone involved in marketing or selling a MEWA to make false statements about its finances, benefits, or status under state or federal law.

Are self-funded MEWAs exempt from state regulation in Wisconsin?

No. The State of Wisconsin treats self-funded MEWAs as insurers and requires them to be licensed as such. It is illegal to operate an unlicensed health insurance plan in Wisconsin. Companies that agree to administer unlicensed plans or provide stop loss coverage for them may be subject to regulatory penalties and can be held liable for the unlicensed MEWA's unpaid claims.

How can I identify an unlicensed insurer?

According to the Wisconsin Office of the Commissioner of Insurance, employers should look out for plans that:

- Advertise stop loss or reinsurance coverage (even if it is supposedly provided by a licensed insurer),
- Are "self-funded" plans sold by a professional employee organization or employee leasing firm, or
- Claim to be solely governed by the federal law ERISA and the U.S. Department of Labor.

Consumers can verify that their insurance agent and company are licensed to do business in Wisconsin by calling the Office of the Commissioner of Insurance at 1-800-236-8517 or visiting www.oci.wi.gov.²

If you have additional questions, contact Mueller QAAS at (262) 696-3680 or info@myqaas.com.

¹ US Department of Labor, *MEWA Enforcement* Fact Sheet, www.dol.gov/ebsa/Newsroom/fsMEWAenforcement.html.

² Wisconsin Office of the Commissioner of Insurance, Regulatory Alert (June 4, 2003), www.oci.wi.gov/bulletin/0603mewa.htm.