

MULTIPLE EMPLOYER WELFARE ARRANGEMENTS (MEWAs)

What are they?

Multiple employer welfare arrangements (MEWAs) are arrangements that allow a group of employers collectively to offer health insurance coverage to their employees. MEWAs are most often found among employer groups belonging to a common trade or industry association or professional association.

Who are they for?

MEWA plans are generally available to the employees (and sometimes their dependents) of the employers who are part of the arrangement. People who do not have an employment connection to the group cannot obtain coverage through the MEWA plan. MEWA plans cannot be sold generally to the public.

INTRODUCTION

MEWA plans are usually established by trade, industry, or professional associations. To qualify as a MEWA, the organization must be nonprofit, in existence for at least five years, and created for purposes other than that of obtaining health insurance coverage. In other words, employers cannot group together solely for the purpose of offering health insurance. However, employers that have already grouped together for another common purpose (for example, a trade association) may also offer health insurance coverage to their member employers.

Occasionally, MEWA plans may qualify as ERISA Single Employer plans. Employees covered by ERISA Single Employer MEWAs have fewer protections than do those who obtain coverage through a regulated insurance company or HMO. For more information on ERISA, see Chapter 11.

In general, most MEWAs do not qualify as ERISA Single Employer plans and are therefore subject to all of the state's other insurance laws (including all the consumer protections and mandated benefits listed in Chapter 24). MEWA plans that claim to qualify as ERISA plans must provide certain information to the NC Department of Insurance in order to demonstrate exemption from state insurance laws. The Department of Insurance collects information on each MEWA operating in North Carolina to determine if it does qualify as an ERISA plan or is subject to state insurance requirements.

Certain employer arrangements are specifically excluded from the definition of MEWAs. These include plans maintained pursuant to collective bargaining

agreements (subject to Taft-Hartley laws), Rural Electric Cooperatives, and Rural Telephone Cooperative Associations. These plans are subject to other laws.

BENEFITS

MEWA plans are required to offer most of the same mandated benefits as other regulated insurance or HMO products. Except for those mandatory benefits, MEWA plans are not required to provide coverage of any other specific health service. ERISA Single Employer MEWAs, like other employer self-funded plans, are not subject to the North Carolina mandated benefits provisions, and thus are not required to offer any specific coverage in their plans unless mandated under federal law.

ELIGIBILITY

MEWA plans are covered by either small-group or large-group eligibility requirements, depending on the size of the plan. If the employers in the MEWA generally employ 50 or fewer people, then small-group eligibility requirements apply. If the employers generally have more than 50 employees, then the large-group eligibility requirements apply.

LIMITATIONS AND EXCLUSIONS

In general, MEWAs can impose a pre-existing condition waiting period of only 12 months (18 months for late enrollees). See the section on small and large group plans.

NOTICE AND ENROLLMENT

All plans, including ERISA Single Employer plans, must furnish participants and beneficiaries with a description of the plan, including rights, benefits, and responsibilities under the plan. If material changes are made to the plan, information about these provisions must also be provided.

PREMIUMS

The state-regulated MEWA must satisfy minimum capital and reserve requirements, much like traditional insurance carriers. These requirements, along with the claims experience of the MEWA, will affect the premiums paid by all participating employers. The actual amount paid by the employee can differ among the participating employers, because the employer determines its contribution toward the premium cost and may require the insured employee to share the premium cost.

ADMINISTRATION

The Managed Care and Health Benefits Division of the NC Department of Insurance has responsibility to ensure the financial solvency of all MEWAs and to oversee all aspects of state-regulated MEWA plans, as long as one or more of the employer members of the MEWA is domiciled in the state or has its principal headquarters in North Carolina.

MEWA plans that qualify as ERISA Single Employer plans are subject to oversight and enforcement by the US Department of Labor.

SOURCES OF LAW

Federal statutes:	29 U.S.C. § 1002 <i>et seq.</i> (Employee Retirement Income Security Act)
State statutes:	N.C.G.S. § 58-49-1 through 58-49-65.
State regulations:	11 N.C.A.C. § 18.0000 <i>et seq.</i>

FOR MORE INFORMATION

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