MEWA Toolkit

What is a MEWA?

A Multiple Employer Welfare Arrangement, or MEWA for short, is a vehicle for small employers to pool together for the purpose of purchasing health insurance. By partnering together with multiple small business organizations, the risk is spread across a larger pool, increasing small businesses' purchasing power for insurance.

It's important to note that various MEWAs are now open to wide variety of industries so long as the organization has a valid chamber membership of the chamber alliance sponsoring the health plan. MEWAs used to be limited to organizations within the same industry, but that is no longer the case.

How it Works

In a MEWA, employers will pay a fixed premium to the carrier administering the MEWA. This premium is used to pay claims, cover administrative expenses, and purchase stop-loss coverage to protect against large financial losses.

How is a MEWA Different

Small businesses that are fully insured today are grouped together with other local organizations and receive a "community rate." Under the community rating scale, your renewal depends on how the community pool runs. The downside to this approach is during good years when your claims run under expected, you could still receive a significant renewal due to how the community pool ran.

In a MEWA arrangement, each employer is individually medically underwritten. Several factors are considered when calculating your insurance renewal, including your plan's performance, risk indicators, and the overall performance of the MEWA pool of employers. Analyzing both your individual plan's performance and the group pool provides small businesses with protection during difficult years and rewards, such as lower renewals, in good years.

It is important to note that community rating applies to plans implemented following the passage of the Affordable Care Act. If your plan has been grandmothered or grandfathered, your plan is medically underwritten on an individual basis.

Benefits of a MEWA

- Increased Control Over Healthcare Costs
- Increased Purchasing Power
- Flexible Plan Design Options
- Access to additional wellness program solutions not available to the fully insured market
- Access to Chamber of Commerce resources not otherwise available to small employers

You Might Be a Good Fit If You Are:

- Between 2-50 employees
- A member of your local chamber
- Looking for greater control over healthcare costs
- Looking for additional wellness resources
- Looking for access to resources to help run a small business

MEWA Options

- SOCA MEWA
- COSE MEWA
- The Ohio Chamber Health Benefit Plan
- ChamberAdvantage Plan
- Chamber Benefit Arrangement on Indiana

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MEWA Compliance Requirements

- **PCORI**: A fee that ACA imposes on sponsors of self-insured health plans to help fund the Centered Outcomes Research Institute (PCORI). The fee must be reported once a year on the second-quarter Form 720. This fee must be paid by July 31 of each calendar year.

- **RxDC Reporting**: Group health plans and health insurance issuers must annually submit detailed information on prescription drugs and health care spending to the Centers for Medicare and Medicaid Services (CMS). This is comprised of several files, some of which might be submitted by your issuer, TPA, or PBM. You should check with your plan partners to see which information they will submit on your behalf. This reporting is due June 1st to report the data for the prior calendar year.

- **Form 5500**: ERISA-covered welfare benefit plans are required to file an annual form 5500. Plan administrators are required to file an annual return/report with the Department of Labor regarding the plan's financial condition, investments, and operations. **Form 5500 submissions are only required if your plan over 100 employees enrolled or if your claims fund is held in a Trust.** The deadline for submission is the last day of the seventh month after the plan year ends (July 31 for calendar year plans).

- **Gag Attestation**: A federal transparency law prohibits health plans and health insurance issuers from entering into contracts with health care providers, TPAs, and other service providers that contain gag clauses (clauses restricting the plan or issuer from providing, accessing, or sharing certain information about provider price and quality). Plans and issuers must annually submit an attestation of compliance with the gag clause prohibition to the federal government. The submission is due by December 31 each year.

- **HIPAA Privacy Notice**: Employers are responsible for informing covered individuals of their privacy rights under their health plan. Employers are required to provide notices at the following times:
  - The time of enrollment for new employees
  - Upon request
  - Within 60 days of a material change to the Notice
  - No less frequent than every 3 years
  - If applicable, verify controlled group status.

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