

Summary of Senate Bill 1011

Expansion of Association Health Plans

Senate Bill 1011 allows for the creation of a de facto “Multiple Employer Welfare Arrangement” (MEWA) for domiciled non-profit business associations to offer pooled group health insurance (fully-insured and self-insured) to members of their association, so long as the said association has been operating for the past 5 years, has other lines of organizational purpose, and has at least 1,000 dues-paying employers or 10,000 workers. A MEWA is essentially the state’s version of an Association Health Plan (AHP).

Commonality: The members of the association eligible for pooled group health insurance must share a common interest, defined either geographically or professionally. Meaning, the members could all be located in Michigan, but not share the same professional trade, or conversely share the same trade/profession, but not be located in the same geographical area.

Membership: Members of the pooled group could be both employers and self-employed individuals who belong to that association. A single employer-member must have fewer than 500 employees in total. Self-employed individuals must be located in Michigan, have operated for 2 years, demonstrate positive income, work 20 hours a week, and not be eligible for coverage through an employer plan. Both employers and self-employed must be part of an association to be eligible for access to the group insurance pool.

Benefits/Coverage Mandates: The MEWA must include benefit coverage for those in the pool, consisting of the following:

- Include all EHBs, mental health parity, maternity, preventive care, and dependent coverage standard consistent with the ACA.
- Member employers must pay at least 50% of employees' costs

Regulations of the MEWA: The MEWA must be licensed, meet financial solvency standards, and file annual financials. DIFS must approve rates for fully insured products. Rates for self-insured product offerings must meet and maintain reserve margins. DIFS can examine, audit, and enforce compliance for the pools established and can create rules related to licensing, reserves, and reporting requirements for enrollees.

Reinsurance Program: A catastrophic reinsurance program is established to pay for 60% of the costs associated with claims between \$75K – \$250K per life. The reinsurance program is funded solely by state appropriations; no member or insurer fees may be imposed to fund the program.

MAHP’s Initial Policy Suggestions: Similar to requirements placed on public entities such as schools and municipalities, MAHP would suggest that qualifying associations be required, at a minimum, to solicit bids from more than one health insurer when awarding a contract to provide health insurance for their members every couple of years. Furthermore, the definition of a qualifying association should be broadened so more associations can pool their memberships and offer a large-group, fully insured or self-insured product.