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MEWA Update

Today, the DOL announced two proposed rules under the Affordable Care Act with respect to multiple employer welfare arrangements (MEWAs). The proposed rules call for MEWAs to adhere to enhanced reporting requirements. The rules also will increase DOL's enforcement authority to protect participants in such plans and allow the DOL to shut down MEWAs engaged in fraud or other activities that present an immediate danger to the public safety or welfare.

Under the proposals issued today:

MEWAs must register with DOL prior to operating in a state or be subject to substantial penalties. This step will allow the DOL to track MEWAs as they move from state to state and to identify their principals, which will provide the department with important information regarding potentially fraudulent MEWAs.

The secretary of labor will be able to issue a cease and desist order when it appears that fraud is taking place or an arrangement is causing immediate danger to the public safety or welfare.

The secretary of labor could seize assets from a MEWA when there is probable cause that the plan is in a financially hazardous condition.

Changes to the Form M-1 and Form 5500 were also released.

All of the proposed regulations and notices are listed on EBSA's website under New and Noteworthy.

http://www.dol.gov/ebsa

Could a MEWA crackdown be just around the corner? This certainly increases the odds once the rules are final.