

# Legislative Analysis



## TIME FRAME FOR AUDITED FINANCIAL STATEMENT OF MULTIPLE EMPLOYER WELFARE ARRANGEMENT

Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

**Senate Bill 1085 as passed by the Senate**  
**Sponsor: Sen. Kimberly LaSata**  
**House Committee: Rules and Competitiveness**  
**Senate Committee: Health Policy and Human Services**  
**Complete to 10-13-22**

Analysis available at  
<http://www.legislature.mi.gov>

### SUMMARY:

Senate Bill 1085 would amend the Insurance Code to extend, from 90 to 180 days after the end of a fiscal year, the deadline for multiple employer welfare arrangements doing business in Michigan to file audited financial statements with the director of the Department of Insurance and Financial Services (DIFS).

Generally speaking, a multiple employer welfare arrangement (MEWA) is a means by which a group of employers in the same or similar industries can form a self-insurance pool to provide benefits to employees. Often a trade association forms a MEWA as a way for employer members to offer health care benefits to employees without having to buy a comprehensive insurance policy from an insurance company. MEWAs can help smaller employers leverage their purchasing power by pooling together. Federally, MEWAs are defined and regulated under the Employee Retirement Income Security Act (ERISA).<sup>1</sup>

The Insurance Code currently requires each MEWA transacting business in Michigan to annually file with the director of DIFS a financial statement audited by a certified public accountant (CPA). The statement must include an actuarial opinion (rendered by an actuary approved by the DIFS director and with at least five years of experience in the field) regarding reserves for known claims and associated expenses and incurred but not reported claims and associated expenses.

This statement now must be filed within 90 days after the end of each fiscal year. The bill would change that deadline to 180 days after the end of each fiscal year.

MCL 500.7040

### FISCAL IMPACT:

The bill would have no fiscal impact on state or local government.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.

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<sup>1</sup> The Insurance Code definition of *MEWA* is here: <http://legislature.mi.gov/doc.aspx?mcl-500-7001>