

**AN ANALYSIS OF 2007-2009 FILINGS OF
FORM M-1, REPORT FOR MULTIPLE
EMPLOYER WELFARE ARRANGEMENTS
(MEWAS) AND CERTAIN ENTITIES
CLAIMING EXCEPTION (ECES)**

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SUMMARY

This report analyzes 2007-2009 filings of Form M-1, "Report for Multiple Employer Welfare Arrangements (MEWAs) and Certain Entities Claiming Exception (ECEs)" ("Form M-1"). MEWAs provide health or other welfare benefits to employees of two or more employers that are not part of a collective bargaining agreement, whereas ECEs are based on collective bargaining agreements. Form M-1 filings are submitted by MEWAs/ECEs that provide health benefits, possibly along with other welfare benefits.

The primary findings include:

- The annual number of MEWAs/ECEs that filed a Form M-1 was between 450 and 500 in 2007-2009.
- MEWAs/ECEs tend to cover many participants. The average number of participants was slightly greater than 4,500 in 2009 and the median was 829 participants. In total, MEWAs and ECEs that filed a Form M-1 covered 2.0 million participants in 2009.
- Health benefits may be fully insured through an external insurer or self-insured by the MEWA/ECE. The majority of MEWAs/ECEs (64%) and their participants (75%) were in fully insured arrangements in 2009. Roughly three out of four self-insured MEWAs/ECEs purchased stop-loss coverage.
- Some Form M-1 filings could be matched to a Form 5500, "Return/Report of Employee Benefit Plan" ("Form 5500") filing, which contains additional information. More than one-half of MEWAs/ECEs that filed a matched Form M-1 provided dental, life, or vision benefits in addition to health benefits in 2009.
- Virtually no MEWA/ECE reported being involved in a litigation or regulatory action in 2007-2009. Similarly, virtually none reported being non-compliant with various welfare benefits laws or regulations.
- As may be expected, more MEWAs/ECEs tended to be active in large states than in small states. However, on a per-capita basis, MEWAs/ECEs were most active in such less populous states as North Dakota, Montana, and Wyoming.
- MEWAs/ECEs may provide welfare benefits in multiple states. About 44% of MEWAs/ECEs provided health coverage in only one state in 2009, while 13% provided health coverage in more than 20 states.
- Where Form M-1 and Form 5500 filings could be matched, their participant counts were generally consistent. Some discrepancies existed in funding mechanisms as reported on the Form M-1 and as inferred from the Form 5500.

The electronic data captured from Form M-1 filings suggests that analysis results need to be interpreted with caution. Some MEWAs/ECEs appeared to have prepared an electronic filing without officially submitting it. Some filers may have been confused over mutually exclusive annual filings and special filings, indicating that their filing was both. Finally, the completeness and integrity of electronic data tended to be greater for filings that had been submitted electronically than for paper filings.

1. INTRODUCTION

Multiple Employer Welfare Arrangements (MEWAs) are generally organized to provide health and other welfare benefits to employees of two or more employers that are not part of a collective bargaining agreement.¹ These arrangements may lower insurance costs for employees of small employers because MEWAs offer a larger risk pool and may be able to avoid state regulations.² However, MEWAs have come under increased scrutiny because of potential fraudulent behaviors. For example, the U.S. Department of Labor (DOL) uncovered a MEWA that in 2005 failed to obtain health insurance coverage for its clients despite collecting more than \$36 million in health insurance premiums. The MEWA left thousands of employees without health insurance and it failed to pay approximately \$8 million in claims.³

In 1992, a General Accounting Office (GAO) report documented a history of MEWA fraud and abuse, and recommended that DOL help states regulate MEWAs.⁴ The GAO report led to a Health Insurance Portability and Accountability Act of 1996 (HIPAA) provision that created authority for the Secretary of Labor (Secretary) to require annual reporting by MEWAs. For that purpose, in 2000, the Secretary first created the Form M-1, "Report for Multiple Employer Welfare Arrangements (MEWAs) and Certain Entities Claiming Exception (ECEs)" ("Form M-1"). The Patient Protection and Affordable Care Act of 2010 (ACA) further required MEWAs to register with the DOL prior to operating in a state and provided the Secretary authority to issue a cease and desist order when a MEWA's alleged conduct appears fraudulent, poses a danger to the public welfare, or may cause significant public injury.⁵

All MEWAs providing health benefits are currently required to file an annual report with the DOL on Form M-1. In this report, we analyze Form M-1 filings from 2007, 2008, and 2009. Certain types of MEWAs are also required to file the Form 5500 "Annual Return/Report of Employee Benefit Plan" ("Form 5500"). Where relevant, we incorporate such filings into our analysis. The DOL engaged Deloitte Financial Advisory Services LLP ("Deloitte FAS") to conduct this analysis and help develop a better understanding of both MEWAs and Form M-1 filings. Advanced Analytical Consulting Group, Inc. (AACG) served as a subcontractor to Deloitte FAS.

The remainder of this report is organized as follows. Section 2 describes the purpose and contents of Form M-1. Section 2 also includes a brief description of proposed Form M-1 changes. Section 3 discusses the raw Form M-1 filings data provided by DOL. These filings may include multiple Form M-1 filings pertaining to the same MEWA/ECE and reporting period such as requests for extension and amended reports. We consolidate the raw filings data into an analysis universe that excludes irrelevant or duplicative information. Section 4 presents summary statistics and tabulations of key data fields (variables) in the analysis universe. Section 5 concludes.

¹ See <http://www.dol.gov/ebsa/Newsroom/fsMEWA0902.html>.

² See <http://www.dol.gov/ebsa/pdf/mwguide.pdf>.

³ See Federal Register 76 (234), December 6, 2011, pp. 76222-76235 (<http://www.gpo.gov/fdsys/pkg/FR-2011-12-06/pdf/2011-30918.pdf>).

⁴ *Employee Benefits: States Need Labor's Help Regulating Multiple Employer Welfare Arrangements*, GAO/HRD-92-40 (<http://www.gao.gov/products/HRD-92-40>).

⁵ Federal Register 76 (234), December 6, 2011, pp. 76235-76249 (<http://www.gpo.gov/fdsys/pkg/FR-2011-12-06/pdf/2011-30921.pdf>).

2. MEWAS AND THE FORM M-1

Multiple Employer Welfare Arrangements

ERISA §3(40)(A) defines a MEWA as:⁶

“[A]n employee welfare benefit plan, or any other arrangement (other than an employee welfare benefit plan) which is established or maintained for the purpose of offering or providing any benefit described in paragraph (1) [welfare plan benefits] to the employees of two or more employers (including one or more self-employed individuals), or to their beneficiaries, except that such term does not include any such plan or arrangement that is established or maintained:

- i. under or pursuant to one or more agreements which the Secretary finds to be collective bargaining agreements,
- ii. by a rural electric cooperative, or
- iii. by a rural telephone cooperative association”

MEWAs are thought to offer a way for small employers to band together to pool risks, take advantage of administrative efficiencies, and offer lower-cost health and other welfare benefits to employees. Large employers and entities independent of employers may also form MEWAs. MEWAs come in two varieties—Plan MEWAs and Non-Plan MEWAs. Plan MEWAs are sponsored by a group or association of employers. Plan MEWAs do not enjoy full ERISA preemption and are subject to a degree of state regulation. Fully insured Plan MEWAs are subject to fewer state regulations than self-insured Plan MEWAs. Non-Plan MEWAs, on the other hand, are classified as group purchasing arrangements or purchasing pools and are subject to state insurance law regulations.^{7,8} Both Plan and Non-Plan MEWAs are required to comply with the Form M-1 reporting requirements.

⁶ DOL, *Multiple Employer Welfare Arrangements under the Employee Retirement Income Security Act (ERISA): A Guide to Federal and State Regulation* (<http://www.dol.gov/ebsa/publications/mewas.html>)

⁷ The classification as a Non-Plan MEWA has been the subject of advisory opinions by the DOL. For example, in a 2008 opinion, the DOL concluded the Bend Chamber Association Health Plan was a Non-Plan MEWA; DOL determined that the connection between the members of the Bend Chamber of Commerce did not meet the requirements to be classified as a single “multiple employer” plan. As a result, while the Bend Chamber Association can still offer a health insurance plan to its members, it is not “considered an employee welfare benefit plan under ERISA” and, therefore, “ERISA would not limit [a state’s] ability to regulate the Bend Chamber’s program under state insurance law.” Moreover, each employer that participates in the Bend Chamber’s health plan is considered to have “established [a] separate employee benefits plan for their employees.” (Lisa M. Alexander, DOL Advisory Opinion 2008-07A. September 26, 2008. Retrieved from <http://www.dol.gov/ebsa/regs/aos/ao2008-07a.html>.)

⁸ ERISA Sec. 514; DOL Advisory Opinion, <http://www.dol.gov/ebsa/regs/aos/ao2011-02a.html>, February 4, 2011.

Objectives of the Form M-1

The purpose of the Form M-1 filing requirement is to “provide [the DOL Employee Benefits Security Administration (EBSA)] with information concerning compliance by MEWAs with the requirements of Part 7 of ERISA (including the provisions of HIPAA, the Mental Health Parity Act, the Newborns’ and Mothers’ Health Protection Act, and the Women’s Health and Cancer Rights Act).”⁹ Form M-1 does not apply to all MEWAs; only those that provide health benefits are required to submit Form M-1 filings.

As referenced in the earlier definition, according to ERISA, the term MEWA does not apply to arrangements that are based on collective bargaining agreements. Arrangements based on collective bargaining agreements are referred to as Entities Claiming Exception (ECEs).¹⁰ ECEs have different reporting requirements which are described in more detail in the following section.

2007-2009 Form M-1 Contents

The 2007-2009 Instructions for Form M-1 (“Form M-1 instructions”) state that MEWA/ECE administrators file on a calendar year basis, but fiscal year information may be used in lieu of calendar year information if there are at least six contiguous months to report. ECEs must file the Form M-1 in the three years following an origination event.¹¹ All MEWAs, whether Plan MEWAs or Non-Plan MEWAs, are required to file Forms M-1 annually. Plan MEWAs file both the Form 5500 and the Form M-1 while Non-Plan MEWAs file the Form M-1 only.¹²

The 2007-2009 Form M-1 is a two-page form divided into four parts with no additional schedules. The first part includes general information such as report type and calendar or fiscal year designation. The second part includes identifying information such as the name and contact information of the MEWA, its administrator, and sponsor. The third part documents registration information including the most recent origination date, states where operating, state licensing numbers, information on any stop-loss insurers, and the number of participants. The fourth part facilitates ERISA Part 7 compliance and includes information on litigation and enforcement proceedings as well as compliance certifications related to specific laws established by the following list, as well as compliance with related DOL regulations, if coverage is applicable:

1. Health Insurance Portability and Accountability Act of 1996 including special enrollment provisions under the Children’s Health Insurance Program Reauthorization Act of 2009

⁹ DOL, *Multiple Employer Welfare Arrangements under the Employee Retirement Income Security Act (ERISA): A Guide to Federal and State Regulation* (<http://www.dol.gov/ebsa/publications/mewas.html>)

¹⁰ DOL, *2009 M-1 Package* (<http://www.dol.gov/ebsa/pdf/2009M1Package.pdf>).

¹¹ DOL, *2009 M-1 Package*, <http://www.dol.gov/ebsa/pdf/2009M1Package.pdf>, page 2. Also, see this report’s “Overall Characteristics of MEWAs/ECEs as Reported on Form M-1” section for a description of origination events.

¹² Group insurance arrangements covering the employees of more than one employer may be permitted to file a single Form 5500 as a direct filing entity provided certain criteria are met. See <http://www.dol.gov/ebsa/pdf/2011-5500inst.pdf> at page 11.

2. The Mental Health Parity Act of 1996 and the Mental Health Parity and Addiction Equity Act of 2008
3. Newborns' and Mothers' Health Protection Act of 1996
4. Women's Health and Cancer Rights Act of 1998.

Each of the 2007-2009 Forms M-1 state that "[t]his year's Form M-1 is substantively identical to the [previous year's] Form M-1," suggesting that no major Form M-1 changes occurred during this period. Both electronic and paper filings were available throughout this period; mandatory electronic filing has been incorporated into the proposed Form M-1 discussed below.

Current Form M-1 and Proposed Changes

The most recent (2011) Form M-1 largely matches the 2007-2009 Form M-1, but Part IV now includes additional compliance certifications related to specific laws included in the following list:

1. Genetic Information Nondiscrimination Act of 2008
2. Michelle's Law (Public Law 110-381)
3. Patient Protection and Affordable Care Act of 2010.

Most recently, EBSA published a Notice of Proposed Rulemaking (NPRM) to change MEWA registration requirements with additional reporting requirements intended to "strengthen the Form M-1 requirements for all MEWAs." The NPRM stated that the proposed Form M-1 is "substantively different from previous versions of the Form M-1."¹³

The following is a summary of proposed changes to the Form M-1. The proposed Form M-1 and related instructions can be found on the DOL website at <http://www.dol.gov/ebsa/proposedm1revisions.html>.

1. Part I proposed revisions relate to reporting prior to operating in any state and reporting Plan MEWA versus Non-Plan MEWA designations.
 - a. MEWAs and ECEs would be required to file an additional Form M-1 (origination filing for ECEs) 30 days prior to operating in any state or within 30 days of expanding operations into any state or merger, a material change, or a participant increase of 50% or more. This change would likely increase the reporting frequency for some MEWAs and ECEs. Our analysis of 2007-2009 filings suggests that roughly 13% of MEWAs/ECEs would have to file at least one additional Form M-1 each year because of these proposed changes.
 - b. Filers would need to identify themselves as one of the following: Plan MEWA, Non-Plan MEWA, or ECE.
2. Part II proposed revisions add "more extensive custodial and financial information" on affiliated individuals and MEWA/ECE assets.
 - a. MEWAs/ECEs would be required to report affiliated individuals such as members of the Board, officers, trustees, actuaries, third party administrator, and other persons or entities with authority or control over assets, as well as merger information.

¹³ Federal Register Volume 76 (234), December 6, 2011, pp. 76250-76252 (<http://www.gpo.gov/fdsys/pkg/FR-2011-12-06/pdf/2011-30920.pdf>).

- b. Additional questions would add information on MEWA/ECE assets and fiduciaries.

Finally, under proposed rules, the Form M-1 must be filed in electronic form. Paper filings would no longer be available.

3. DESCRIPTION OF RAW 2007-2009 FORM M-1 DATA FILES

The purpose of this section is to describe the raw data files from Form M-1 filings. As explained later, some MEWAs and ECEs filed multiple Form M-1 filings in any single year; all such filings contribute to the description in the current section. The next section excludes overlapping filings to more precisely define the universe of Form M-1 filers.

As noted earlier, the 2007-2009 Form M-1 could be filed in paper form or electronically. It is our understanding that DOL read the paper filings into a relational database using optical character recognition, and, separately, directly captured electronic filings into another relational database. The two databases have different structures, that is, different tables and data field names. DOL provided us with six sets of files, corresponding to the paper and electronic filings for data years 2007, 2008, and 2009.¹⁴ For the purpose of this report, a data year is the year by which filings are organized in the electronic databases that DOL provided for analysis.¹⁵

Our analysis excludes database entries that do not represent Form M-1 filings. Specifically, it excludes nine test entries used by the database administrator to test the filings capture system. It also excludes 75 entries that were electronically saved by a user but not officially submitted to DOL ("unconfirmed entries"). Most of these 75 unconfirmed entries subsequently filed a Form M-1 for the same reporting period. However, 24 MEWAs/ECEs filled out most key fields on the Form M-1 and saved their entries, but submitted no filing for the specified reporting period. The reasons for non-filing are unclear; they may have concluded that they did not need to file, they may have erroneously believed that they did submit the filing, or otherwise. While such non-filings may contain information on the MEWA/ECE population, this report analyzes only officially submitted Form M-1 filings.

Table 1 shows the names of the DOL-provided database tables, the numbers of data fields (variables) in each table, and the number of records (rows) in each table and data year.

¹⁴ The files were retrieved from the EBSA database on January 11, 2012. It is our understanding that the original data are stored in an Oracle relational database. DOL provided us with electronic files formatted in the Statistical Analysis System (SAS), a statistical and data management software. There was one SAS file for every Oracle table.

¹⁵ It is our understanding that the data year corresponds to the actual year of the Form M-1, e.g., 2009 Form M-1 would be stored in the 2009 database. However, the period on which a filing reported could have been different; see Section 4.

Table 1. Form M-1 Data Table Names, Numbers of Data Fields and Records, by Data Year and Filing Mode

Database tables	Data	Data Year		
	Fields	2007	2008	2009
<i>Electronic</i>				
m1_YY_admin	11	280	292	287
m1_YY_compliance_info	7	279	292	287
m1_YY_coverage	9	1,781	1,997	1,978
m1_YY_entities	11	280	292	287
m1_YY_filing_attchmnts	5	55	59	51
m1_YY_filings	15	279	292	287
m1_YY_images	5	58	73	51
m1_YY_litigation	2	280	293	288
m1_YY_reg_information	3	280	292	287
m1_YY_report_ident_info	8	280	292	287
m1_YY_special_filing_types	3	4	4	4
m1_YY_sponsors	10	280	292	287
m1_YY_states_pct	3	234	254	247
<i>Paper</i>				
mewaYY_admin	11	290	235	210
mewaYY_litig	3	290	235	210
mewaYY_main	27	290	235	210
mewaYY_otherfields	8	290	235	210
mewaYY_reg	10	1,505	1,282	1,166
mewaYY_sponsors	10	290	235	210

Source: Form M-1 filings.

Note: "YY" represents the corresponding two-digit year number.

The databases of electronic and paper filings consisted of 13 and 6 tables, respectively. Each contains between 2 and 27 data fields. Some tables, such as tables with administrative information, contain one record for every filing; others are populated for only a subset of filings, whereas others may contain multiple records per filing. Table 2 describes the Form M-1 filing method distribution by data year. The table suggests a decline in the overall number of filings, and it shows a shift over time from paper filing to electronic filing. The databases contain 280 electronic and 290 paper filings in 2007, 292 electronic and 235 paper filings in 2008, and 287 electronic and 210 paper filings in 2009.

Table 2. Filing Mode, by Data Year

	2007		2008		2009	
	Freq.	Percent	Freq.	Percent	Freq.	Percent
Paper	290	50.9%	235	44.6%	210	42.3%
Electronic	280	49.1%	292	55.4%	287	57.7%
Total	570	100.0%	527	100.0%	497	100.0%

Source: Form M-1 filings.

For each database table, Table 3 shows the total number of cells (data fields times records) and the fraction of those cells that are blank or missing. The objective of this table is to sketch, at a very high level, to what extent the Form M-1's fields were populated in filings. Missing values do not necessarily indicate that a filing was incomplete; cells may be missing in requests for extensions, due to skip patterns, or for other valid reasons. For example,

many filers indicate that the name of the administrator or sponsoring entity is the same as that of the MEWA/ECE and do not repeat the telephone number or EIN. Overall, electronic filings tend to have fewer missing values than paper filings.

Table 3. Form M-1 Data Table Names, Their Numbers of Cells and Missing Cells, by Data Year and Filing Mode

Database tables	2007		2008		2009	
	Total	Percent	Total	Percent	Total	Percent
<i>Electronic</i>						
m1_YY_admin	3,080	14.7%	3,212	14.8%	3,157	14.5%
m1_YY_compliance_info	1,953	0.0%	2,044	0.0%	2,009	0.0%
m1_YY_coverage	16,029	19.6%	17,973	20.3%	17,802	19.7%
m1_YY_entities	3,080	13.0%	3,212	13.2%	3,157	13.2%
m1_YY_filing_attchmnts	275	0.0%	295	0.0%	255	0.0%
m1_YY_filings	4,185	0.0%	4,380	0.2%	4,305	0.0%
m1_YY_images	290	0.0%	365	0.0%	255	0.0%
m1_YY_litigation	560	49.3%	586	49.0%	576	49.1%
m1_YY_reg_information	840	0.5%	876	1.5%	861	0.7%
m1_YY_report_ident_info	2,240	19.5%	2,336	19.9%	2,296	20.7%
m1_YY_special_filing_types	12	16.7%	12	16.7%	12	16.7%
m1_YY_sponsors	2,800	20.5%	2,920	22.8%	2,870	20.9%
m1_YY_states_pct	702	0.0%	762	0.0%	741	0.0%
Total:	36,046	14.7%	38,973	15.4%	38,296	15.0%
<i>Paper</i>						
mewaYY_admin	3,190	62.1%	2,585	60.9%	2,310	61.4%
mewaYY_litig	870	33.3%	705	33.3%	630	33.3%
mewaYY_main	7,830	16.4%	6,345	16.4%	5,670	16.6%
mewaYY_otherfields	2,320	7.7%	1,880	5.4%	1,680	7.6%
mewaYY_reg	15,050	19.0%	12,820	19.7%	11,660	20.1%
mewaYY_sponsors	2,900	64.1%	2,350	64.4%	2,100	64.5%
Total:	32,160	26.3%	26,685	26.2%	24,050	26.6%

Source: Form M-1 filings.

Note: Cells may be missing in requests for extensions, due to skip patterns, or for other reasons.

Note: "YY" represents the corresponding two-digit year number.

Table 4 shows a crosswalk of data fields in electronic and paper filings databases, along with the fraction missing in the 2009 database.

Table 4. Crosswalk of Electronic and Paper Data Fields with Their Prevalence of Missing Values in 2009

Electronic table (excludes prefix "m1_09_")		Paper table (excludes prefix "mewa09_")		Type	Percent missing	
Electronic variable		Paper variable			Electronic	Paper
<i>report_ident_info</i>	annual_report	<i>main</i>	annual_report	Categorical	0%	6%
<i>report_ident_info</i>	calendar_year	<i>main</i>	calendar_year	Categorical	0%	22%
<i>report_ident_info</i>	fiscal_year_begin	<i>main</i>	begin_date	Date	83%	80%
<i>report_ident_info</i>	fiscal_year_end	<i>main</i>	end_date	Date	83%	80%
<i>report_ident_info</i>	special_type_id	<i>main</i>	special_report	Categorical	0%	78%
<i>report_ident_info</i>	final_report	<i>main</i>	final_report	Categorical	0%	0%
<i>report_ident_info</i>	id			Categorical	0%	N/A
<i>report_ident_info</i>	fiscal_year			Categorical	0%	N/A
<i>special_filing_types</i>	id			Categorical	0%	N/A
<i>special_filing_types</i>	abbrev			String	25%	N/A
<i>special_filing_types</i>	type			String	25%	N/A
<i>entities</i>	mewa_name1	<i>main</i>	mewa_company	String	0%	0%
<i>entities</i>	mewa_name2	<i>main</i>	mewa_name	String	65%	36%
<i>entities</i>	address1	<i>main</i>	mewa_address	String	0%	1%
<i>entities</i>	address2			String	78%	N/A
<i>entities</i>	city	<i>main</i>	mewa_city	String	0%	1%
<i>entities</i>	state_id	<i>main</i>	mewa_state	Categorical	0%	1%
<i>entities</i>	zip_code	<i>main</i>	mewa_zip_code	Categorical	0%	1%
<i>entities</i>	phone_number	<i>main</i>	mewa_phone	String	0%	0%
<i>entities</i>	ein	<i>main</i>	mewa_ein	Categorical	2%	1%
<i>entities</i>	pn	<i>main</i>	mewa_pn	Categorical	0%	13%
<i>entities</i>	id			Categorical	0%	N/A
<i>admin</i>	admin_name1	<i>admin</i>	admin_company	String	0%	2%
<i>admin</i>	admin_name2	<i>admin</i>	admin_name	String	78%	78%
<i>admin</i>	address1	<i>admin</i>	admin_address	String	0%	78%
<i>admin</i>	address2			String	81%	N/A
<i>admin</i>	city	<i>admin</i>	admin_city	String	0%	88%
<i>admin</i>	state_id	<i>admin</i>	admin_state	Categorical	0%	87%
<i>admin</i>	zip_code	<i>admin</i>	admin_zip_code	Categorical	0%	88%
<i>admin</i>	phone_number	<i>admin</i>	admin_phone	String	0%	85%
<i>admin</i>	ein	<i>admin</i>	admin_ein	Categorical	0%	70%
<i>admin</i>	email	<i>admin</i>	admin_email	String	1%	100%
<i>admin</i>	id			Categorical	0%	N/A
		<i>admin</i>	admin_form_id	Categorical	N/A	0%
		<i>admin</i>	last_modified	Date	N/A	0%
<i>sponsors</i>	sponsor_name1	<i>sponsors</i>	sponsor_company	String	4%	6%
<i>sponsors</i>	sponsor_name2	<i>sponsors</i>	sponsor_name	String	86%	95%
<i>sponsors</i>	address1	<i>sponsors</i>	sponsor_address	String	7%	91%
<i>sponsors</i>	address2			String	82%	N/A
<i>sponsors</i>	city	<i>sponsors</i>	sponsor_city	String	7%	94%
<i>sponsors</i>	state_id	<i>sponsors</i>	sponsor_state	Categorical	0%	92%
<i>sponsors</i>	zip_code	<i>sponsors</i>	sponsor_zip_code	Categorical	7%	93%
<i>sponsors</i>	phone_number	<i>sponsors</i>	sponsor_phone	String	6%	92%
<i>sponsors</i>	ein	<i>sponsors</i>	sponsor_ein	Categorical	9%	81%
<i>sponsors</i>	id			Categorical	0%	N/A
		<i>sponsors</i>	sponsor_form_id	Categorical	N/A	0%
		<i>sponsors</i>	sponsors_last_modified	Date	N/A	0%
<i>reg_information</i>	date_originated	<i>main</i>	date_originated	Date	2%	13%
<i>reg_information</i>	participants	<i>main</i>	participants	Continuous	0%	13%
<i>reg_information</i>	id			Categorical	0%	N/A

Source: 2009 Form M-1 filings.

Note: Cells may be missing in requests for extension, due to skip patterns, or for other reasons.

Note: N/A indicates that variable does not appear in the relevant database.

Table 4. Crosswalk of Electronic and Paper Data Fields with Their Prevalence of Missing Values in 2009 (Continued)

Electronic table (excludes prefix "m1_09_")		Paper table (excludes prefix "mewa09_")		Type	Percent missing	
Electronic variable		Paper variable			Electronic	Paper
<i>coverage</i>	licensed	<i>reg</i>	state_licensed_ind	Categorical	0%	N/A
<i>coverage</i>	naic_number	<i>reg</i>	naic_number	Categorical	93%	98%
<i>coverage</i>	fully_insured	<i>reg</i>	fully_insured_ind	Categorical	0%	1%
<i>coverage</i>	insurer_info	<i>reg</i>	insurer_info	String	24%	11%
<i>coverage</i>	stop_loss_coverage	<i>reg</i>	stop_loss_cov_ind	Categorical	0%	1%
<i>coverage</i>	stop_loss_insurer_info	<i>reg</i>	stop_loss_insurer_info	String	61%	91%
<i>coverage</i>	state_id	<i>reg</i>	state	Categorical	0%	0%
<i>coverage</i>	id			Categorical	0%	N/A
<i>coverage</i>	reg_info_id			Categorical	0%	N/A
		<i>reg</i>	registration_form_id	Categorical	N/A	0%
		<i>reg</i>	row_num	Continuous	N/A	0%
		<i>reg</i>	last_modified	Date	N/A	0%
<i>states_pct</i>	state_id	<i>otherfields</i>	states_percentage	Categorical	0%	22%
<i>states_pct</i>	id			Categorical	0%	N/A
<i>states_pct</i>	reg_info_id			Categorical	0%	N/A
<i>litigation</i>	proceedings	<i>litig</i>	litig_proceedings	String	98%	100%
<i>litigation</i>	id			Categorical	0%	N/A
		<i>litig</i>	litig_form_id	Categorical	N/A	0%
		<i>litig</i>	last_modified	Date	N/A	0%
<i>filing_attchmnts</i>	id			Categorical	0%	N/A
<i>filing_attchmnts</i>	mewa_filing_id			Categorical	0%	N/A
<i>filing_attchmnts</i>	filename			String	0%	N/A
<i>filing_attchmnts</i>	path			String	0%	N/A
<i>filing_attchmnts</i>	approved			Categorical	0%	N/A
<i>images</i>	id			Categorical	0%	N/A
<i>images</i>	attachment_id			Categorical	0%	N/A
<i>images</i>	filename			String	0%	N/A
<i>images</i>	date_created			Date	0%	N/A
<i>images</i>	date_last_modified			Date	0%	N/A
<i>compliance_info</i>	litigation	<i>otherfields</i>	litig_proc_ind	Categorical	0%	9%
<i>compliance_info</i>	portability_compliance	<i>otherfields</i>	port_comp_ind	Categorical	0%	8%
<i>compliance_info</i>	mental_health_compliance	<i>otherfields</i>	mental_health_ind	Categorical	0%	8%
<i>compliance_info</i>	newborn_mother_compliance	<i>otherfields</i>	newborn_mother_ind	Categorical	0%	8%
<i>compliance_info</i>	womens_health_compliance	<i>otherfields</i>	womens_health_ind	Categorical	0%	8%
<i>compliance_info</i>	id			Categorical	0%	N/A
<i>compliance_info</i>	litigation_id			Categorical	0%	N/A
		<i>otherfields</i>	other_form_id	Categorical	0%	0%
		<i>otherfields</i>	last_modified	Date	0%	0%
<i>filings</i>	admin_print_name	<i>main</i>	admin_print_name	String	0%	0%
<i>filings</i>	date_filed	<i>main</i>	date_filed	Date	0%	0%
<i>filings</i>	actual_date_filed	<i>main</i>	date_received	Date	0%	0%
<i>filings</i>	last_modified	<i>main</i>	last_modified	Date	0%	0%
<i>filings</i>	id			Categorical	0%	N/A
<i>filings</i>	mewa_user_id			Categorical	0%	N/A
<i>filings</i>	report_ident_id			Categorical	0%	N/A
<i>filings</i>	mewa_entity_id			Categorical	0%	N/A
<i>filings</i>	mewa_admin_id			Categorical	0%	N/A
<i>filings</i>	mewa_sponsor_id			Categorical	0%	N/A
<i>filings</i>	reg_info_id			Categorical	0%	N/A
<i>filings</i>	compliance_info_id			Categorical	0%	N/A
<i>filings</i>	form_filed			Categorical	0%	N/A
<i>filings</i>	confirmation_number			Continuous	0%	N/A
<i>filings</i>	approved			Categorical	0%	N/A
		<i>main</i>	form_id	Categorical	N/A	0%
		<i>main</i>	filing_id	Categorical	N/A	0%
		<i>main</i>	control_number	Categorical	N/A	0%
		<i>main</i>	doc_type	Null	N/A	100%
		<i>main</i>	sent_to_pwba	Categorical	N/A	0%
		<i>main</i>	invalid_address	Categorical	N/A	0%

Source: 2009 Form M-1 filings.

Note: Cells may be missing in requests for extension, due to skip patterns, or for other reasons.

Note: N/A indicates that variable does not appear in the relevant database.

4. ANALYSIS OF FORM M-1 FILINGS

This section presents the results of an analysis of Form M-1 filings. We start with a tabulation of the type of filing (e.g., request for extension, annual report, and amended report). We then define a MEWA/ECE as a unique combination of employer identification number (EIN) and, if one is provided, a plan number (PN). Keeping only the most recent filing per MEWA/ECE per time period, we identify the subset of filings for our analysis. Assuming that the databases provided by DOL contain all filings for the period under study, this subset represents the universe of Form M-1 filers, not a statistical sample. Our analysis is based on these Form M-1 filings and, discussed in the following, on information filed by MEWAs and ECEs on a Form 5500, Annual Return/Report of Employee Benefit Plan ("Form 5500") that could be matched to Form M-1 filings. Throughout, we comment on internal consistency and other quality issues of the information on Form M-1 filings.

Unless the distinction is of interest for the issue under discussion, this section combines paper and electronic filings.

The Universe of Filings under Analysis

We first turn to types of filings, as would be designated by the filer in Part I of the Form M-1. Figure 1 reproduces this portion of the paper version of the 2009 Form M-1 (year values aside, the 2007 and 2008 Forms were identical). As instructed on the Form M-1, the filing may be either an annual report or a special filing. However, a number of filings suggested being both; see Table 5.

PART I		REPORT IDENTIFICATION INFORMATION	
Complete either Item A or Item B (as applicable) and Item C .			
A If this is an annual report, specify whether it is for:			
(1) ☐ The 2009 calendar year; or			
(2) ☐ The fiscal year beginning _____ and ending _____			
		mm/dd/yyyy	mm/dd/yyyy
B If this is a special filing, specify whether it is:			
(1) ☐ A 90-day origination report;			
(2) ☐ An amended report; or			
(3) ☐ A request for an extension.			
C If this is a final report, check here → ☐			

Figure 1. Part I of the Paper Version of Form M-1 (2009)

Table 5. Type of Filing, by Data Year

	2007		2008		2009	
	Freq.	Percent	Freq.	Percent	Freq.	Percent
90-Day origination report	8	1.4%	13	2.5%	4	0.8%
Amended report	10	1.8%	3	0.6%	1	0.2%
Request for extension	8	1.4%	4	0.8%	4	0.8%
Annual report	494	86.7%	438	83.1%	411	82.7%
Annual/90-day origination report	8	1.4%	19	3.6%	28	5.6%
Annual/Amended report	3	0.5%	5	0.9%	17	3.4%
Annual/Request for extension	38	6.7%	44	8.3%	32	6.4%
None of the above	1	0.2%	1	0.2%	0	0.0%
Total	570	100.0%	527	100.0%	497	100.0%

Source: Form M-1 filings.

About five-out-of-six filings were annual reports without indication that the filing was a 90-day origination report, an amended report, or a request for extension. Approximately 8% of the filings were requests for extensions; most of those also suggested being an annual report. Between 2% and 4% of filings were amended reports, and many of these amended report filings also indicated that they were annual reports.

Part I.A of the Form M-1 is the only location in which filers may specify the reporting period. A potential interpretation of filings claiming being both an annual report and a special filing is that the filing was a special report which used Part I.A to specify the reporting period. We found the special-filing indicator to not always be reliable. For example, in 80 cases, a filer specified that the filing was a request for extension but nonetheless completed most key fields on the report.¹⁶ For the subsequent analysis, we therefore ignored any special filing indication and used whatever information was provided in the filing.

As stated earlier, we define a MEWA/ECE as a unique combination of EIN and PN, if any. Some MEWAs/ECEs filed multiple reports relating to a particular reporting period. For example, a MEWA may have filed both a request for extension and an annual report. Table 6 shows the frequencies with which such multiple reports were present in the 2007-2009 data years. There are 1,423 unique MEWA/ECE-periods in the data. Most (90%) filed just one report for that MEWA/ECE and that period, 9% filed two reports, and less than 2% filed three or more reports.

¹⁶ The form M-1 instructions state “[t]o request an extension, the administrator must: (1) complete Parts I and II of the Form M-1 (and check Box B(3) in Part I); (2) sign, date, and type or print the administrator’s name at the end of the form; and file this request for extension no later than the normal due date for the Form M-1.” Subsequently, we denote key fields in Parts III (Lines 4 and 7) and IV (Lines 8a, 9a, 9b, 9c and 9d).

Table 6. Number of Filings Pertaining to the Same MEWA/ECE and Reporting Period (2007-2009 data years combined)

Number of filings	MEWA/ECE-Period Unit	
	Freq.	Percent
1	1,280	90.0%
2	121	8.5%
3	18	1.3%
4	3	0.2%
5	0	0.0%
6	1	0.1%
Total	1,423	100.0%

Source: Form M-1 filings.

If a MEWA/ECE filed multiple Form M-1 reports for any reporting period, we included only the most recently filed information for that reporting period in the analysis (i.e., one filing per MEWA/ECE per reporting period). If the most recent filing was incomplete, such as where an amended report did not contain Form M-1 sections that had not changed from the previously filed annual report, information from previous filings was carried forward.

Table 7 shows the distribution of statistical years, that is, the year in which the reporting period ended. If Part I.A with the fiscal year reporting period was not filled out, we assumed that the reporting period corresponded to January 1st to December 31st of the data year.¹⁷ For most filings, the statistical year is the same as the data year, but there are some filings which relate to prior years as far back as 2005.¹⁸ The analysis following Table 7 is restricted to filings with statistical years 2007, 2008, or 2009, and thus excludes the 33 filings for statistical years 2005, 2006, or 2010.

Table 7. Distribution of Statistical Year, by Data Year

		Data year			Total
		2007	2008	2009	
Statistical year	2005	1	0	0	1
	2006	3	0	0	3
	2007	452	0	0	452
	2008	43	442	2	487
	2009	0	34	417	451
	2010	0	0	29	29
Total		499	476	448	1,423

Source: Form M-1 filings.

In sum, for the purpose of this report's analysis, the universe of Form M-1 filings is defined as all filings for statistical years 2007-2009 that were captured in the DOL database for data years 2007-2009. Where multiple filings related to the same MEWA/ECE and reporting

¹⁷ The Form M-1 instructions only require a filer to specify fiscal-year reporting periods when they are different from the calendar year.

¹⁸ The plan administrator chooses which year's Form M-1 to file (e.g., 2007 Form M-1, 2008 Form M-1, et cetera), and then, the administrator inputs fiscal year reporting period data. DOL stores filings based on the year of the Form M-1 rather than the user-indicated reporting period.

period, only the most recent filing is included, possibly augmented with prior filings' data fields that were left blank on the most recent filing. This results in 452 MEWAs/ECEs in 2007, 487 in 2008, and 451 in 2009.¹⁹

Overall Characteristics of MEWAs/ECEs as Reported on Form M-1

Table 8 displays summary statistics of the MEWA/ECE size, as measured by the number of participants, by statistical year. The median participant count fell from 1,000 participants in 2007 to 829 in 2009. Over the same period, the maximum number of participants increased from roughly 88,000 to more than 236,000, thereby nudging up the average number from 4,334 to 4,512 participants. The total number of MEWA/ECE participants increased slightly from 1.9 million in 2007 to 2.0 million in 2009 (not shown in table).

Table 8. Summary Statistics of MEWA/ECE Participants, by Statistical Year

	Mean	Min	25th percentile	Median	75th percentile	Max
2007	4,334	0	318	1,000	3,153	87,822
2008	4,322	0	285	893	2,903	179,544
2009	4,512	0	290	829	2,939	236,661
Total	4,387	0	294	893	2,964	236,661

Source: Form M-1 filings.

Similarly, Table 9 shows the distribution of number of MEWA/ECE participants. The plurality of MEWAs/ECEs served 2,000-4,999 participants, and roughly similar numbers of arrangements had 200-499, 500-999, 1,000-1,999, and 5,000 or more participants. The size distribution has remained approximately constant over the three years under study—the three annual distributions are statistically indistinguishable. Across the three years, 15 MEWAs/ECEs reported zero participants and 39 arrangements did not report their numbers of participants. The filings with missing numbers of participants were all submitted in paper form; electronic filings always specified a number of participants, though that number was zero in 9 electronic filings (compared with 6 in paper filings).

¹⁹ Because some filings relate to reporting periods shorter than a year, a MEWA/ECE may be represented more than once in a statistical year in these counts (e.g., a MEWA may file once for reporting period January 1 through June 30, and then file a second time for reporting period July 1 through December 31). Additionally, these annual counts include only a subset of ECEs due to their limited reporting requirements. These counts should thus not be interpreted as an official count of the total MEWA/ECE population. Note also that MEWAs that sponsor non-health benefits only are not required to file a Form M-1.

Table 9. Distribution of MEWA/ECE Participants, by Statistical Year

	2007		2008		2009		Total	
	Freq	Percent	Freq	Percent	Freq	Percent	Freq	Percent
Missing	19	4.2%	6	1.2%	14	3.1%	39	2.8%
0	4	0.9%	8	1.6%	3	0.7%	15	1.1%
1-99	46	10.2%	51	10.5%	48	10.6%	145	10.4%
100-199	29	6.4%	36	7.4%	39	8.6%	104	7.5%
200-499	64	14.2%	82	16.8%	72	16.0%	218	15.7%
500-999	73	16.2%	68	14.0%	73	16.2%	214	15.4%
1,000-1,999	57	12.6%	73	15.0%	60	13.3%	190	13.7%
2,000-4,999	84	18.6%	81	16.6%	75	16.6%	240	17.3%
5,000+	76	16.8%	82	16.8%	67	14.9%	225	16.2%
Total	452	100.0%	487	100.0%	451	100.0%	1,390	100.0%

Source: Form M-1 filings.

The Form M-1 captured MEWA/ECE origination dates, which may help describe the population's stability. For purposes of the Form M-1, a MEWA/ECE originates when the MEWA/ECE begins offering health coverage to the employees of two or more employers. Table 10 summarizes the "origination age" of the MEWA/ECA as measured by the duration from the origination date to the end of the reporting period. Between 2007 and 2009, the average origination age of Form M-1 filing MEWAs/ECEs rose and the number of MEWA originations declined, suggesting growing stability in the MEWA/ECE population. In 2009, 5% of MEWAs/ECEs had an origination age of less than one year, down from 8% in 2007, whereas the fraction with an origination age of at least three years grew from 75% in 2007 to 80% in 2009. The origination age could not be established for about 5% of filings. Table 10's distribution of MEWA/ECE origination age aligns closely with the overall U.S. private establishment age distribution.²⁰

Table 10. Duration Since MEWA/ECE Origination, by Statistical Year

	2007		2008		2009	
	Freq.	Percent	Freq.	Percent	Freq.	Percent
Missing	22	4.9%	24	4.9%	26	5.8%
Less than 1 year	37	8.2%	28	5.7%	24	5.3%
1-2 Years	52	11.5%	53	10.9%	38	8.4%
3-9 Years	116	25.7%	135	27.7%	133	29.5%
10+ Years	225	49.8%	247	50.7%	230	51.0%
Total	452	100.0%	487	100.0%	451	100.0%

Source: Form M-1 filings.

As another gauge of stability, Table 11 shows the number of Form M-1 filings that checked the "Final report" box (Part I.C; see Figure 1). In each of the years 2007 through 2009, 10% to 11% of filers indicated that the current filing was their final report. As noted earlier, ECEs are required to file annual reports for three years only, and we located seven final reports attributable to ECEs from 2007 to 2009.

²⁰ See Table 1 in

http://www.bls.gov/opub/ils/summary_10_09/younger_older_business_establishments.htm.

Table 11. Form M-1 Filings That Indicated Being a Final Report, by Statistical Year

	2007		2008		2009	
	Freq.	Percent	Freq.	Percent	Freq.	Percent
Final report	46	10.2%	55	11.3%	50	11.1%
Not final report	406	89.8%	432	88.7%	401	88.9%
Total	452	100.0%	487	100.0%	451	100.0%

Source: Form M-1 filings.

Table 12 tabulates the type of MEWA/ECE sponsor, as based on keywords in the sponsor name (or, if blank, the MEWA/ECE name).²¹ Between 1% and 2% of Forms M-1 were filed by a MEWA/ECE that was sponsored by a union (i.e., employee organization) and 38%-40% were sponsored by a trade association.

Table 12. Type of MEWA/ECE Sponsor, by Statistical Year

	2007		2008		2009	
	Freq.	Percent	Freq.	Percent	Freq.	Percent
Union	7	1.5%	10	2.1%	3	0.7%
Trade association	171	37.8%	194	39.8%	179	39.7%
Other	274	60.6%	283	58.1%	269	59.6%
Total	452	100.0%	487	100.0%	451	100.0%

Source: Form M-1 filings.

As explained in Section 2, a filer may be a Plan-MEWA, a Non-Plan MEWA, or an ECE. Because the Form M-1 does not directly ask filers to specify their type, we infer the type from PNs and information on Form 5500 filings, if any, of the same MEWA/ECE.²² Table 13 tabulates the inferred types that filed in statistical year 2009. If the Form M-1 does not contain a PN, we classify the arrangement as a Non-Plan MEWA. If it does specify a PN, we attempt to determine whether it is a group insurance arrangement (GIA) or collectively bargained plan. That information is available on the Form 5500 (Part I.A(4) and Part I.C); however, not all Form M-1 filings could be matched to a Form 5500 filing, leaving ambiguity.²³ We designate collectively bargained plans as ECEs, and although the DOL considers GIAs to be Non-Plan MEWAs, we separate them into their own category. By this logic, 16% of Forms M-1 were filed by Non-Plan MEWAs in 2009, 37% by Plan MEWAs, 4% by ECEs, 5% by GIAs, and 37% of Form M-1 filers could not be classified. Undetermined filers could be Plan MEWAs, ECEs, or GIAs under our definition because they all have a PN.²⁴

²¹ The union and trade association counts are subject to subjectivity. For unions, we searched for known union names (AFL-CIO, et cetera), names with "Local No." followed by a number and names with "Union" and then inspected the results manually excluding credit unions and one MEWA whose sponsor was "Union Bank." For trade associations, we searched for words such as "association", "consortium", and "league", as well as known franchisees.

²² Our classification is driven by data availability and should not be interpreted as a legal definition. The DOL reserves the right to determine whether or not a plan meets the definition of a plan-MEWA for enforcement purposes.

²³ A fuller description of the match between Form M-1 and Form 5500 filings is provided later.

²⁴ This classification is subject to data quality issues. In particular, some filings provided plan numbers that were obviously incorrect (such as a plan number that was equal to the

Table 13. Distribution of Inferred MEWA/ECE Types (2009)

	Freq.	Percent
Non-Plan MEWA	74	16.4%
Plan MEWA	166	36.8%
ECE	18	4.0%
GIA	24	5.3%
Undetermined	169	37.5%
Total	451	100.0%

Source: Form M-1 and Form 5500 filings.

Table 14 provides selected statistics of inferred types in 2009. Generally, GIAs are the largest and oldest, while Non-Plan MEWAs (other than GIAs) are the smallest and youngest. Plan MEWAs have more participants than Non-Plan MEWAs and ECEs, and ECEs are older than Plan MEWAs and Non-Plan MEWAs. The MEWA/ECE types' participant count and age distributions tend to be right skewed, implying that their median values are lower than their mean values in most cases.

Table 14. Selected Statistics of Inferred MEWA/ECE Types (2009)

	Participants		Age	
	Mean	Median	Mean	Median
Non-plan MEWA	2,910	554	12.5	8.0
Plan MEWA	6,788	881	17.0	11.2
ECE	1,682	805	19.5	17.3
GIA	7,729	3,455	24.3	25.4
Undetermined	2,731	650	14.4	10.0
Total	4,512	829	15.8	11.0

Source: Form M-1 and Form 5500 filings.

We attempted to link Form M-1 filings over time. Not all MEWAs/ECEs provided an EIN, however. Among filings for statistical years 2007-2009, all electronic filings provided an EIN and four paper filings did not.²⁵ As shown in Table 15, of filings in statistical year 2008, 76% could be linked by EIN and PN, if any, to a filing in the prior year. When matching on EIN only, the match rate is 78%.²⁶ Among 2009 filings, 88% or 89% could be matched to a filing in 2008, depending on whether the match required the same PN.

EIN). Such entities were classified as Non-Plan MEWAs, but no accommodation was made for seemingly invalid plan numbers (such as "11001-1094" or "CAQ-AZW38151"). According to Form M-1 Instructions, valid plan numbers are 501, 502, et cetera.

²⁵ Form M-1 records the EINs of the filing MEWA/ECE, the administrator, and the sponsor. The text refers to filings in which the EINs of both the filing MEWA/ECE and the sponsor are blank. (The administrator is often a third-party vendor which may administer multiple arrangements.)

²⁶ Missing PNs and employers that change plans likely account for most of the difference between EIN/PN match rates and EIN only match rates.

Table 15. Longitudinal Match Rates of Form M-1 Filings, by Statistical Year

	Filings	Linked to prior year by EIN/PN	Linked to prior year by EIN
2007	452		
2008	487	75.8%	78.0%
2009	451	87.6%	89.4%

Source: Form M-1 filings.

Geographical Distribution of MEWAs/ECEs

As clarified by the Instructions for Form M-1, Line 5 of Form M-1 asks in which states the MEWA/ECE provides coverage for *medical* benefits. For each state, it also asks whether the MEWA/ECE is a licensed health insurance issuer, whether it is fully insured, and whether it has purchased stop-loss insurance. Table 16 summarizes the funding mechanism for MEWAs/ECEs in 2009. Most MEWAs/ECEs (64%) were fully insured in all states where they provided health benefits; 28% were self-insured in all states of activity, and 2% were fully insured in some states and self-insured in others. The funding status of the remaining 5% could not be established from their filings. Approximately 75% of participants were in a fully-insured MEWA/ECE. (No information is available about the number of participants in each state.)

Table 16. Health Benefits Funding Mechanism of MEWAs/ECEs (2009)

	Plans		Participants	
	Freq.	Percent	Freq.	Percent
Fully insured in all states of activity	289	64.1%	1,481,844	75.2%
Fully insured in some, self-insured in other states	11	2.4%	16,023	0.8%
Self-insured in all states of activity	128	28.4%	444,996	22.6%
No indication	23	5.1%	28,816	1.5%
Total	451	100.0%	1,971,679	100.0%

Source: Form M-1 filings.

Table 17 summarizes state-level information on the fraction of MEWAs/ECEs that were licensed issuers of health insurance, the distribution of funding mechanism, and stop-loss insurance coverage among self-insured arrangements. States with the most operating MEWA/ECEs include large populous states (California, Texas, New York), but also Washington; states with the fewest operating MEWA/ECEs include small or sparsely populated states (Hawaii, Vermont, Alaska). Comparing to the population, however, less populous states tend to have more MEWAs/ECEs operating. The fraction of MEWAs/ECEs that were licensed insurers of health benefits ranged from 0% in Maine, South Dakota, and Vermont to 6% in Ohio. (All fractions in Table 15 are unweighted; no information on participants is available by state.) The self-insurance rate of MEWAs and ECEs ranged from 10% in Maryland and Florida to 31% in Iowa and 41% in Wyoming. The unweighted average self-insurance rate across all 50 states and the District of Columbia was 20%. Similarly, the unweighted average rate at which self-insured MEWAs/ECEs purchased stop-loss insurance was 74%, ranging from 55% in Wisconsin to 93% in Montana.

Table 17. Fraction Licensed Health Insurance Issuer, Funding Mechanisms, and Stop-Loss Coverage Among Self-Insured MEWAs/ECEs, by State (2009)

State	Number of MEWAs/ECEs	Licensed insurer	Funding Mechanism		If self-insured: stop-loss coverage
			Fully insured	Self-insured	
Alabama	47	2.1%	83.0%	17.0%	87.5%
Alaska	29	3.4%	72.4%	27.6%	87.5%
Arizona	90	3.3%	80.0%	20.0%	88.9%
Arkansas	43	2.3%	79.1%	20.9%	66.7%
California	142	2.8%	84.9%	15.1%	72.1%
Colorado	91	3.3%	80.2%	19.8%	66.7%
Connecticut	58	3.4%	82.8%	17.2%	80.0%
Delaware	40	2.5%	82.5%	17.5%	85.7%
District of Columbia	50	4.0%	78.0%	22.0%	86.4%
Florida	96	4.2%	89.6%	10.4%	80.0%
Georgia	87	2.3%	82.8%	17.2%	66.7%
Hawaii	20	2.5%	85.0%	15.0%	66.7%
Idaho	53	3.8%	75.5%	24.5%	84.6%
Illinois	98	4.1%	85.2%	14.8%	65.5%
Indiana	82	3.7%	81.7%	18.3%	73.3%
Iowa	64	4.7%	68.8%	31.3%	65.0%
Kansas	60	5.0%	73.3%	26.7%	56.3%
Kentucky	68	2.9%	83.8%	16.2%	72.7%
Louisiana	47	2.1%	80.9%	19.1%	88.9%
Maine	41	0.0%	81.7%	18.3%	86.7%
Maryland	69	1.4%	89.9%	10.1%	85.7%
Massachusetts	62	1.6%	85.5%	14.5%	66.7%
Michigan	59	3.4%	81.4%	18.6%	63.6%
Minnesota	79	1.3%	77.2%	22.8%	66.7%
Mississippi	43	2.3%	76.7%	23.3%	70.0%
Missouri	77	2.6%	76.6%	23.4%	55.6%
Montana	59	1.7%	76.3%	23.7%	92.9%
Nebraska	54	3.7%	74.1%	25.9%	64.3%
Nevada	53	1.9%	81.1%	18.9%	70.0%
New Hampshire	44	2.3%	79.5%	20.5%	77.8%
New Jersey	76	1.3%	82.9%	17.1%	92.3%
New Mexico	49	4.1%	75.5%	24.5%	75.0%
New York	101	2.0%	86.1%	13.9%	71.4%
North Carolina	83	3.6%	81.9%	18.1%	86.7%
North Dakota	40	2.5%	72.5%	27.5%	81.8%
Ohio	95	6.3%	77.9%	22.1%	61.9%
Oklahoma	69	2.9%	72.5%	27.5%	78.9%
Oregon	78	5.1%	84.6%	15.4%	83.3%
Pennsylvania	89	2.2%	78.7%	21.3%	57.9%
Rhode Island	33	3.0%	78.8%	21.2%	71.4%
South Carolina	67	1.5%	85.1%	14.9%	80.0%
South Dakota	34	0.0%	76.5%	23.5%	62.5%
Tennessee	69	2.9%	82.6%	17.4%	91.7%
Texas	118	4.2%	78.0%	22.0%	65.4%
Utah	49	2.0%	73.5%	26.5%	84.6%
Vermont	26	0.0%	76.9%	23.1%	83.3%
Virginia	76	1.3%	88.2%	11.8%	88.9%
Washington	102	4.1%	86.1%	13.9%	70.4%
West Virginia	41	2.4%	78.0%	22.0%	66.7%
Wisconsin	64	1.6%	82.8%	17.2%	54.5%
Wyoming	54	1.9%	59.3%	40.7%	86.4%
Total	3,318	2.9%	80.5%	19.5%	74.1%

Source: Form M-1 filings.

Note: Includes only the 50 states and the District of Columbia. Ignores stop-loss coverage of entities that reported being fully insured.

Form M-1 Line 6 asks filers in which states the MEWA or ECE conducted 20% or more of its business. The Form M-1 specifies that the 20 percent of business condition is based on the number of participants receiving medical coverage, but it does not request state-level participant counts. Table 18 compares the overall state coverage distribution with the distribution of MEWAs/ECEs that have 20% or more of their business in a given state. Similar to Table 17, Table 18 shows a higher concentration of coverage in large populous states (California, New York, Texas), but also Washington. Some smaller states (Delaware, Rhode Island, Vermont) did not represent more than 20% of coverage for any Form M-1 filer in 2009. However, as noted before, the states with the highest per capita activity tend to be small (North Dakota, Montana, and Wyoming).

Table 18. Distribution of MEWAs/ECEs With More Than 20% of Their Business in a State, by States Covered (2009)

State	MEWAs/ECEs offering coverage		MEWAs/ECEs with 20+% of their business in state	
		Percent		Percent
Alabama	47	1.4%	2	0.5%
Alaska	29	0.9%	3	0.7%
Arizona	90	2.7%	6	1.5%
Arkansas	43	1.3%	1	0.2%
California	142	4.3%	34	8.3%
Colorado	91	2.7%	7	1.7%
Connecticut	58	1.7%	4	1.0%
Delaware	40	1.2%	0	0.0%
District of Columbia	50	1.5%	6	1.5%
Florida	96	2.9%	17	4.2%
Georgia	87	2.6%	4	1.0%
Hawaii	20	0.6%	1	0.2%
Idaho	53	1.6%	3	0.7%
Illinois	98	3.0%	15	3.7%
Indiana	82	2.5%	11	2.7%
Iowa	64	1.9%	12	2.9%
Kansas	60	1.8%	8	2.0%
Kentucky	68	2.0%	8	2.0%
Louisiana	47	1.4%	3	0.7%
Maine	41	1.2%	5	1.2%
Maryland	69	2.1%	3	0.7%
Massachusetts	62	1.9%	2	0.5%
Michigan	59	1.8%	3	0.7%
Minnesota	79	2.4%	9	2.2%
Mississippi	43	1.3%	3	0.7%
Missouri	77	2.3%	9	2.2%
Montana	59	1.8%	15	3.7%
Nebraska	54	1.6%	3	0.7%
Nevada	53	1.6%	2	0.5%
New Hampshire	44	1.3%	1	0.2%
New Jersey	76	2.3%	11	2.7%
New Mexico	49	1.5%	1	0.2%
New York	101	3.0%	23	5.6%
North Carolina	83	2.5%	5	1.2%
North Dakota	40	1.2%	12	2.9%
Ohio	95	2.9%	15	3.7%
Oklahoma	69	2.1%	6	1.5%
Oregon	78	2.4%	20	4.9%
Pennsylvania	89	2.7%	19	4.7%
Rhode Island	33	1.0%	0	0.0%
South Carolina	67	2.0%	4	1.0%
South Dakota	34	1.0%	1	0.2%
Tennessee	69	2.1%	6	1.5%
Texas	118	3.6%	27	6.6%
Utah	49	1.5%	8	2.0%
Vermont	26	0.8%	0	0.0%
Virginia	76	2.3%	5	1.2%
Washington	102	3.1%	30	7.4%
West Virginia	41	1.2%	1	0.2%
Wisconsin	64	1.9%	8	2.0%
Wyoming	54	1.6%	6	1.5%
Total	3,318	100.0%	408	100.0%

Source: Form M-1 filings.

Note: Includes only the 50 states and the District of Columbia.

Table 19 shows the number of states in which MEWAs/ECEs reported providing health coverage. The plurality (44%) are active in only one state, 10% provide coverage in two states, and 7% in three states. As many as 13% of MEWAs/ECEs provide health coverage in more than 20 states. These filings often indicated that they were active in “all” states. Finally, 23 MEWAs/ECEs (5%) reported no state of activity; their response to Line 5 was blank. Most of these 23 MEWAs/ECEs also reported zero participants, one participant, or a missing participant count, suggesting that the MEWA/ECE was in the initial or final stage of its existence.

Table 19. Number of States In Which MEWAs/ECEs Report Providing Health Coverage (2009)

States	Freq.	Percent
0	23	5.1%
1	198	43.9%
2	45	10.0%
3	32	7.1%
4	16	3.5%
5	17	3.8%
6 to 10	30	6.7%
11 to 20	30	6.7%
>20	60	13.3%
Total	451	100.0%

Source: Form M-1 filings.

Form M-1 Line 1a records a single address for each Form M-1 filer. Table 20 describes the distribution of Form M-1 filings by the filing’s Line 1a state (“filer state”) in 2009, and it further describes the large arrangement (5,000+ participants) distribution by filer state. Some states did not have any Form M-1 filer in 2009, including Arkansas, Idaho, Rhode Island, Vermont, and West Virginia. Overall, nine states accounted for more than one-half of the Form M-1 filings, and almost a quarter of filings occurred in the three Pacific coast states: California, Washington, and Oregon. Similarly, the large MEWA/ECE distribution revealed a concentration of Form M-1 filers in a small handful of states. Eight states accounted for more than half of large filings, and one-fifth of all large MEWAs/ECEs listed California or Washington as their filer state.

Table 20. Overall and Large MEWA/ECE Distribution, by Filer State (2009)

State	MEWAs/ECEs located in		5,000+ participant MEWAs/ECEs	
	state	Percent	in state	Percent
Alabama	3	0.7%	0	0.0%
Alaska	1	0.2%	0	0.0%
Arizona	4	0.9%	0	0.0%
Arkansas	0	0.0%	0	0.0%
California	48	10.7%	6	9.1%
Colorado	3	0.7%	0	0.0%
Connecticut	4	0.9%	2	3.0%
Delaware	2	0.4%	1	1.5%
District of Columbia	6	1.3%	1	1.5%
Florida	21	4.7%	5	7.6%
Georgia	8	1.8%	3	4.5%
Hawaii	3	0.7%	1	1.5%
Idaho	0	0.0%	0	0.0%
Illinois	15	3.3%	3	4.5%
Indiana	12	2.7%	0	0.0%
Iowa	16	3.6%	2	3.0%
Kansas	7	1.6%	2	3.0%
Kentucky	8	1.8%	3	4.5%
Louisiana	3	0.7%	0	0.0%
Maine	5	1.1%	1	1.5%
Maryland	19	4.2%	0	0.0%
Massachusetts	2	0.4%	1	1.5%
Michigan	4	0.9%	1	1.5%
Minnesota	5	1.1%	0	0.0%
Mississippi	2	0.4%	0	0.0%
Missouri	7	1.6%	1	1.5%
Montana	18	4.0%	3	4.5%
Nebraska	5	1.1%	3	4.5%
Nevada	4	0.9%	0	0.0%
New Hampshire	1	0.2%	0	0.0%
New Jersey	6	1.3%	2	3.0%
New Mexico	2	0.4%	0	0.0%
New York	23	5.1%	5	7.6%
North Carolina	4	0.9%	1	1.5%
North Dakota	13	2.9%	2	3.0%
Ohio	16	3.6%	0	0.0%
Oklahoma	8	1.8%	0	0.0%
Oregon	24	5.4%	1	1.5%
Pennsylvania	20	4.5%	2	3.0%
Rhode Island	0	0.0%	0	0.0%
South Carolina	4	0.9%	1	1.5%
South Dakota	1	0.2%	0	0.0%
Tennessee	10	2.2%	1	1.5%
Texas	22	4.9%	3	4.5%
Utah	9	2.0%	0	0.0%
Vermont	0	0.0%	0	0.0%
Virginia	6	1.3%	1	1.5%
Washington	30	6.7%	7	10.6%
West Virginia	0	0.0%	0	0.0%
Wisconsin	8	1.8%	1	1.5%
Wyoming	6	1.3%	0	0.0%
Total	448	100.0%	66	100.0%

Source: Form M-1 filings.

Note: Two Form M-1 filers did not list a filer state and one listed a Canadian address.

Compliance and Litigation

As noted earlier, the Form M-1 contains a series of questions related to regulatory compliance. Table 21 shows the observed responses for these items. Combining all Form M-1 filings for 2007-2009, only one MEWA/ECE noted involvement in any litigation or enforcement proceeding, and only one MEWA/ECE admitted non-compliance with the Newborns' and Mothers' Health Protection Act of 1996 or DOL's regulations thereunder.

Table 21. Form M-1 Part IV Information for Compliance with Part 7 of ERISA and Related DOL Regulations (2007-2009)

	Yes	No	N/A	Missing	Total
Has the MEWA or ECE been involved in any litigation or enforcement proceeding in which noncompliance with any provision of Part 7 of Subtitle B of Title I (Part 7) of ERISA was alleged?	1	1,363	*	26	1,390
Is the coverage provided by the MEWA or ECE in compliance with the portability provisions of the HIPAA and the DOL's regulations issued thereunder?	1,356	0	15	19	1,390
Is the coverage provided by the MEWA or ECE in compliance with the Mental Health Parity Act of 1996 and the DOL's regulations issued thereunder?	1,340	0	31	19	1,390
Is the coverage provided by the MEWA or ECE in compliance with the Newborns' and Mothers' Health Protection Act of 1996 and the DOL's regulations issued thereunder?	1,318	1	50	21	1,390
Is the coverage provided by the MEWA or ECE in compliance with the Women's Health and Cancer Rights Act of 1998 and the DOL's regulations issued thereunder?	1,338	0	31	21	1,390

Source: Form M-1 filings.

*This question did not contain an "N/A" checkbox option.

Information on MEWAs/ECEs from Form 5500 Filings

Earlier, Table 13 used information from both Form M-1 and Form 5500 filings to determine whether filers appeared to be collectively bargained or GIAs. For the subset of Form M-1 filings for which also a Form 5500 filing was available, this section presents a summary of other information based on their Form 5500 filings. Generally, Plan MEWAs, ECEs, and DFEs must file both a Form M-1 and a Form 5500, while most Non-Plan MEWAs file Form M-1 only.²⁷ Form M-1 and Form 5500 filings could be matched in just under one-half of the cases (Table 22).

²⁷ While most Non-Plan MEWAs do not have to file a Form 5500, most individual employers purchasing insurance through a Non-Plan MEWA do need to file a Form 5500.

Table 22. Form M-1 and Form 5500 Filings Match Rate, by Statistical Year

Statistical year	Form M-1 filings	Matched to Form 5500 filings	Match rate
2007	452	212	46.9%
2008	487	239	49.1%
2009	451	208	46.1%
Total	1,390	659	47.4%

Source: Form M-1 and Form 5500 filings.

Note: Form M-1 and Form 5500 filings merged on EIN, plan number, and statistical year.

Form M-1 filings that could be matched to a Form 5500 filing tended to have more participants than those that could not be matched. The median number of participants on Form M-1 filings that could be matched to a Form 5500 filing was 1,196, compared to 658 among non-matching Form M-1 filings.

Figure 2 illustrates the concordance of the numbers of participants reporting on matched filings of Form M-1 (horizontal) and Form 5500 (vertical) in 2009. Note the axes are on logarithmic scales. While outliers exist, the points are generally scattered around the 45-degree line, suggesting a high degree of concordance.

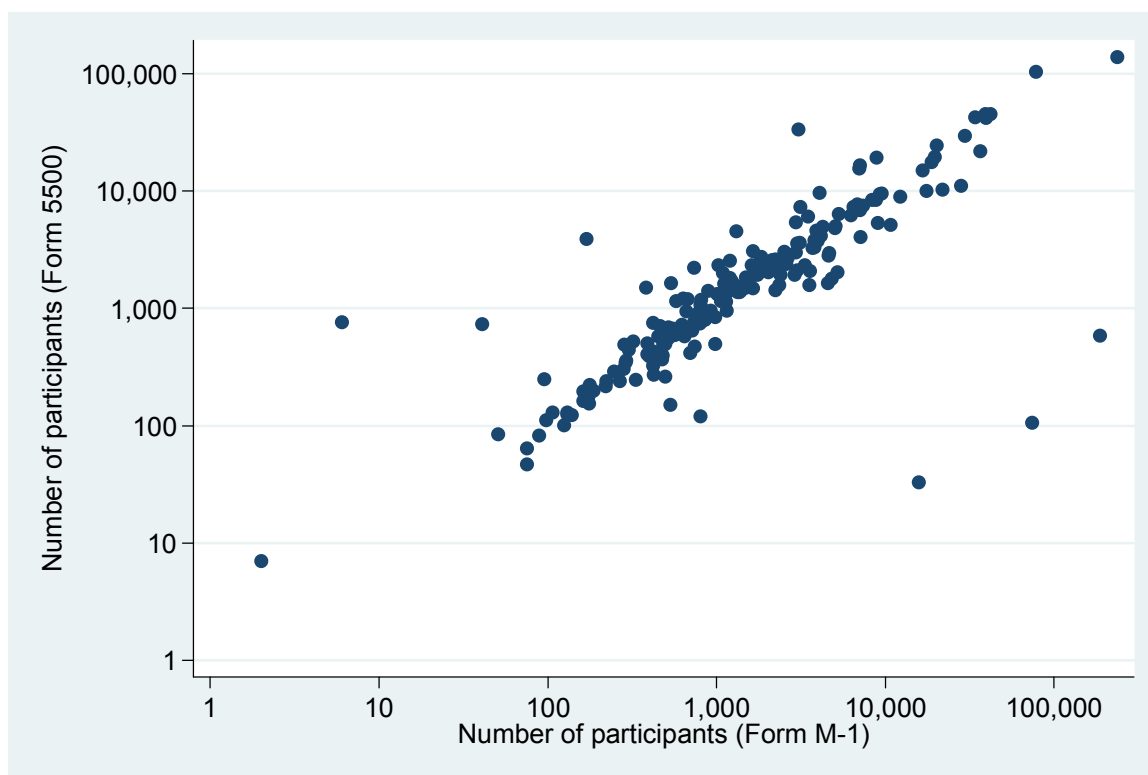
**Figure 2. Concordance of Numbers of Participants Reported on Matched Filings of Form M-1 and Form 5500 (2009)**

Table 23 shows the concordance of funding mechanism as inferred from information on Form M-1 and Form 5500 filings in 2009. Conceptually, the classifications correspond for the

fully insured and self-insured categories, but not for the category between fully insured and self-insured. Based on Form M-1 data, a MEWA/ECE may be fully insured in some states and self-insured in other states; based on Form 5500 data, a plan may be mixed-funded, i.e., it may have fully insured the benefits for some participants and self-insured the benefits for other participants.²⁸ In practice, additional differences may arise because of differences in the available information upon which the classifications are based.

Table 23. Funding Mechanism Inferred From Matched Form M-1 and Form 5500 Filings (2009)

Form M-1	Form 5500			Total
	Fully insured	Mixed-funded	Self-insured	
Fully insured in all states of activity	100	28	9	137
Fully insured in some, self-insured in other states	4	2	2	8
Self-insured in all states of activity	11	17	28	56
No Indication	5	1	1	7
Total	120	48	40	208

Source: Form M-1 and Form 5500 filings.

Of the 137 MEWAs/ECEs that filed a Form M-1 in 2009, for which a matched Form 5500 filing was available, and which indicated on Form M-1 that they were fully insured in all states, 100 were also classified as fully insured based on information on the Form 5500. Similarly, 28 out of 56 filings were classified as self-insured based on both Form M-1 and Form 5500 information. However, some discrepancies exist. In particular, 9 out of 137 fully-insured Form M-1 filing MEWAs/ECEs were classified as self-insured based on Form 5500 information, and 11 out of 56 self-insured Form M-1 filing MEWAs/ECEs were classified as fully insured based on Form 5500 information.

Table 24 shows the concordance of stop-loss coverage as inferred from information on the Form M-1 and the Form 5500 for 2009. Among 159 Form M-1 filings with a matched Form 5500 filing that indicated not having stop-loss coverage, 144 corroborated that information on their Form 5500 filing. Similarly, 29 out of 49 Form M-1 filing MEWAs/ECEs indicated stop-loss coverage on both the Form M-1 and Form 5500. Discrepancies between an arrangement's Form M-1 reported stop-loss coverage and its Form 5500 reported coverage may result from differing Form M-1 and Form 5500 reporting requirements.²⁹

²⁸ Some authors use the term "partially funded" to denote the same concept as "mixed-funded" used in this report. For a detailed description of the funding mechanism definition inferred from Form 5500 filings see the Secretary of Labor's *Report to Congress: Annual Report on Self-Insured Group Health Plans* (<http://www.dol.gov/ebsa/pdf/ACARReportToCongress041612.pdf>) and its Appendix B (<http://www.dol.gov/ebsa/pdf/ACASelfFundedHealthPlansReport041612.pdf>).

²⁹ For each state, the Form M-1 requires reporting any coverage that particular state defines as stop-loss coverage, as well as any financial reimbursement instrument related to health claims payment liability. However, the Form 5500 only requires reporting stop-loss coverage where the plan (not the sponsor) is the beneficiary, and Form 5500 reported stop-loss coverage does not have to relate to health claims.

Table 24. Stop-Loss Coverage Inferred From Matched Form M-1 and Form 5500 Filings (2009)

Form M-1	Form 5500		Total
	No stop-loss coverage	Stop-loss coverage	
No stop-loss coverage	144	15	159
Stop-loss coverage in at least one state	20	29	49
Total	164	44	208

Source: Form M-1 and Form 5500 filings.

Table 25 tabulates the type of plan as reported on the Form 5500. Most (56%) plans filed a Form 5500 as a multiple-employer plan and 13% as a multiemployer plan.³⁰ As many as 20% filed as single-employer plans and 12% indicated being a DFE. Of the 18 Form M-1 filing ECEs noted in Table 13, 8 filed a Form 5500 as a multiemployer plan, 7 filed as a multiple-employer plan, and 3 filed as a single-employer plan.

Table 25. Form 5500 Entity Type of Form M-1 Filing MEWAs/ECEs (2009)

	Freq.	Percent
Single-employer	41	19.7%
Multiemployer	26	12.5%
Multiple-employer	117	56.3%
DFE	24	11.5%
Total	208	100.0%

Source: Form M-1 and Form 5500 filings.

Table 26 tabulates the benefits offered by MEWAs/ECEs whose Form M-1 filing was matched to a Form 5500. Almost all (96%) offered health benefits, and many offered dental benefits (80%), life insurance (73%), vision benefits (59%), long-term disability benefits (42%), or temporary disability benefits (39%).

³⁰ Generally, a plan is a multiemployer plan for Form 5500 purposes if (a) more than one employer is required to contribute, (b) the plan is subject to collective bargaining agreements and (c) certain other regulatory criteria specified by the Secretary are met. A multiple-employer plan is a plan that is maintained by more than one employer that may or may not be collectively bargained. See <http://www.dol.gov/ebsa/pdf/2011-5500inst.pdf> at page 14 and ERISA Section 3(37)(A). Those definitions notwithstanding, we found that 8 out of 26 (31%) of multiemployer plans and 7 out of 117 (6%) multiplemployer plans indicated on their Form 5500 filing that they were collectively bargained.

Table 26. Benefits Offered by MEWAs/ECEs With Matched Form M-1 and Form 5500 Filings (2009)

Welfare benefit	Number of MEWAs/ECEs	Percent
Health (other than vision or dental)	200	96.2%
Dental	167	80.3%
Life insurance	151	72.6%
Vision	123	59.1%
Long-term disability	87	41.8%
Temporary disability	82	39.4%
Other	56	26.9%
Death benefits	43	20.7%
Prepaid legal	5	2.4%
Severance pay	4	1.9%
Supplemental unemployment	2	1.0%

Source: Form M-1 and Form 5500 filings.

Note: Percentages do not sum to 100% because plans provide multiple welfare benefit features. Depending on the terms of the plan, dental or vision plans could include medical care.

Table 27 and Table 28 summarize the distributions of aggregate and per-participant plan assets held in a trust, respectively. These statistics are based on information from financial information on Schedules H or I of Form 5500 filings, and are thus available only for plans that filed such schedules. At the median, plan assets increased from \$2.2 million in 2007 to \$2.6 million in 2009. Median assets per participants climbed from \$1,019 in 2007 to \$1,306 in 2008 and declined to \$1,242 in 2009.

**Table 27. Distribution of Plan Assets
(Based on Form 5500, Schedules H, I)**

Statistical year	Percentiles (\$ millions)		
	p25	p50	p75
2007	\$0.7	\$2.2	\$5.9
2008	\$0.7	\$2.5	\$6.6
2009	\$0.8	\$2.6	\$8.0

Source: Form M-1 and Form 5500. Based on Form M-1 filers that also filed a Form 5500 with a Schedule H or I.

**Table 28. Distribution of Plan Assets Per Participant
(Based on Form 5500, Schedules H, I)**

Statistical year	Percentiles (\$)		
	p25	p50	p75
2007	\$377	\$1,019	\$2,630
2008	\$608	\$1,306	\$2,484
2009	\$496	\$1,242	\$2,803

Source: Form M-1 and Form 5500. Based on Form M-1 filers that also filed a Form 5500 with a Schedule H or I.

5. CONCLUSION

This report offers an examination of the Form M-1 filings of MEWAs and ECEs. The goal of our work was to provide a preliminary look at the available data in this area. Our results suggest that the Form M-1 data can provide useful insights into the types of arrangements that provide health benefits to a large number of American workers and their families. In this report we present an analysis of the universe of MEWA/ECE filings from 2007-2009. We examine the types of filings, types of filers, age of the arrangements, their funding mechanism, stop-loss coverage, and their numbers of participants. Where possible, Form M-1 filings were matched to Form 5500 filings. This provided additional insights into types of benefits that were offered and into plan assets. Importantly, we also highlighted a number of instances that raise some concerns over the integrity of the data. Any future analysis that makes use of these data should be mindful of these concerns.

DISCLAIMER

The views, opinions, and/or findings contained in this report are those of the authors and should not be construed as an official Government position, policy or decision, unless so designated by other documentation issued by the appropriate governmental authority.

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