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ALL PLAN LETTER

DATE: May 20, 2025

TO: All Health Care Service Plans

FROM: Jenny Phillips
Deputy Director
Office of Plan Licensing

SUBJECT: APL 25-010 - Sections 1357.503 and 1357.505 MEWA Registration and Annual Compliance Requirements

The Department of Managed Health Care (DMHC) issues this All Plan Letter (APL)¹ to inform health care service plans (Plans) and association of employers defined as multiple employer welfare arrangements (MEWAs)² of the requirements of AB 2072 (Weber, Ch. 374, Stats. 2024) and AB 2434 (Grayson, Ch. 398, Stats. 2024). This APL discusses the requirements on Plans and MEWAs for the initial MEWA registration pursuant to Section 1357.505.³ This APL also discusses the ongoing compliance requirements for Plans and registered MEWAs pursuant to Section 1357.503. Plans are asked to disseminate this information to their contracted MEWAs.

I. BACKGROUND

Existing law generally prohibits small employers and individuals from purchasing large group coverage through an Association Health Plan (AHP). SB 255 (Portantino, Ch. 725, Stats. 2021) and SB 718 (Bates, Ch. 736, Stats. 2021) amended Section 1357.503 to create two narrow exemptions to the law, for certain MEWAs that met specific requirements, which allowed MEWAs registered with the DMHC to purchase large group coverage.

AB 2072 extends the sunset date of the narrow exemption for MEWAs registered pursuant to Section 1357.503, allowing renewal of coverage until January 1, 2030.

¹ Where inconsistent, this APL supersedes APL 22-012 – Section 1357.503 Compliance and MEWA Registration.

² Multiple Employer Welfare Arrangement (MEWA) is defined under Section 3(40) of ERISA (29 U.S.C. Sec. 1002(40)).

³ California Health and Safety Code sections 1340 *et seq.* (the “Act”). References herein to “Section” are to sections of the Act, unless otherwise noted.

AB 2434 creates a third narrow exemption, permitting an association of employers to offer a large group health care service plan to small group employer members of the association consistent with ERISA, as amended (29 U.S.C. Sec. 1001 *et seq.*), if specific requirements are met. These requirements include, among other things, that the large group health care service plan contract includes coverage of common law employees, and their dependents, who are employed by an association member in the engineering, surveying, or design industry and whose employer has operations in California.

The law provides that on or after June 1, 2025, a health care service plan shall not market, issue, amend, renew, or deliver large employer health care service plan coverage to any association or MEWA that provides any benefit to a resident in this state unless the association and MEWA have registered with the DMHC and are found to be in compliance. MEWAs registered with the DMHC may continue to contract for large group coverage if they demonstrate annual compliance to the DMHC.

Instructions to submit an original application form for MEWA registration are described in Section II below. Instructions to submit the annual compliance filing are described in Section III below.

II. REQUIREMENTS for INITIAL MEWA REGISTRATION PURSUANT to AB 2434

A. Plan Filing Requirements Due July 1, 2025

Plans offering fully insured benefits to a MEWA that meets the requirements of Section 1357.505 through a large group health care service plan contract must submit by July 1, 2025, an Amendment filing to demonstrate compliance with the requirements of Section 1357.505. Submit via eFiling an Amendment titled, “**APL 25-010, MEWA Registration.**” This Amendment filing should include the following:

1. Submit an Exhibit E-1 in the filing and include the following:
 - a. Identify the name of the MEWA obtaining the fully insured benefits through a large group service plan contract from the Plan.
 - b. Provide the eFiling number for the Plan’s most recent enrollment data filing pursuant to Section 1348.95 as amended by SB 129 (Pan, Ch. 241, Stats. 2019) showing the enrollment information the Plan reported on the registered MEWA. (See APL 20-002 (OFR) – Enrollment Data Reporting.)
 - c. Provide the following Plan affirmations:
 - i. Affirm the MEWA has offered a large group health care service plan contract since January 1, 2012, in connection with an employee welfare benefit plan under Section 3(1) of ERISA (29 U.S.C. Sec. 1002(1)).⁴
 - ii. Affirm the large group health care service plan contract offers to employees a level of coverage having an actuarial value equivalent to, or greater than, the platinum level of coverage pursuant to Section

⁴ Section 1357.505(a)(3).

1367.009 available through the California Health Benefit Exchange established pursuant to Section 100500 of the Government Code and provides coverage for essential health benefits consistent with Section 1367.005 and any rules or regulations pursuant to that section.⁵

- iii. Affirm the large group health care service plan offers only fully insured benefits through a health care service plan contract with a health care service plan licensed by the DMHC.⁶
 - iv. Affirm the large group health care service plan contract is treated as a single-risk-rated contract that is guaranteed issued and renewable for member employers, as well as their employees and dependents.⁷
 - v. Affirm an employee or dependent is not charged premium rates based on health status and is not excluded from coverage based upon any preexisting condition.⁸
 - vi. Affirm employee and dependent eligibility are not directly or indirectly based on health status or claims of any person. An employer otherwise eligible is not excluded from participating in a MEWA, or offering or renewing the large group health care service plan contract, based on the health status or claims of any employee or dependent.⁹
- d. Explain whether the Evidence of Coverage and Disclosure Form (EOC/DF) submitted in the filing is based on a previously approved DMHC EOC/DF. If based on a previously approved DMHC EOC/DF, provide the corresponding eFiling number and submit a redline copy.
- 2. Submit the Plan's EOC/DF in the following exhibit forms: Exhibit S-1: Disclosure Form, S-2: Disclosure Form Compliance Chart, and T-1: Evidence of Coverage, T-2: Evidence of Coverage Compliance Chart; or U-1: Combined EOC/DF and U-2: Combined EOC/DF Compliance Chart.
 - 3. Submit a California Essential Health Benefits Filing Worksheet as an Exhibit T-2.
 - 4. Submit the contract between the Plan and MEWA as a "Miscellaneous Documents/Attachments" exhibit.
 - 5. Submit an Exhibit FF-4 using the most recent Actuarial Value Calculator to demonstrate compliance with Section 1357.505(a)(4). For background, refer to "Actuarial Value Calculation: Exhibit FF-4" in the [2025 Checklist and Worksheet for Qualified Health Plans in the California Health Benefit Exchange](#).

⁵ Section 1357.505(a)(4).

⁶ Section 1357.505(a)(6).

⁷ Section 1357.505(a)(11).

⁸ Section 1357.505(a)(11).

⁹ Section 1357.505(a)(11).

B. MEWA Registration Requirement Due June 1, 2025

To register pursuant to Section 1357.505, an association and MEWA must apply with the DMHC on or before June 1, 2025. An association and MEWA may apply for registration by submitting the following information and documents:

1. Cover Letter
 - a. State the MEWA is submitting the MEWA Registration Application to register as a MEWA with the DMHC pursuant to Section 1357.505, effective June 1, 2025.
 - b. Provide a brief narrative introduction of the MEWA.
2. Completed Application Form for MEWA Registration (DMHC 10-283)
 - a. Indicate in the second fillable field of DMHC 10-283 that the form is submitted as an "Original Application Form for MEWA Registration."
 - b. DMHC 10-283 is attached as Exhibit A to this APL and is also available on the DMHC's public website.

Submit the completed DMHC 10-283, cover letter, and any other related documents to the DMHC via electronic mail or US mail to the address identified below.

For electronic submissions:

TO: MEWA.Registration@dmhc.ca.gov

SUBJECT: MEWA Registration Application for <insert MEWA name>

For US Mail submissions:

DMHC-Office of Plan Licensing
ATTN: MEWA Registration
980 9th Street, Suite 500
Sacramento, CA 95814

III. ANNUAL COMPLIANCE REQUIREMENTS for REGISTERED MEWAS and PLAN PARTNERS

A. Plan Annual Filing Requirement Due July 1 Each Year

Plans offering fully insured benefits to a DMHC-registered MEWA through a large group health care service plan contract must submit an annual filing to demonstrate ongoing compliance with the requirements of Section 1357.503 or Section 1357.505. **On or before July 1 of each year**, beginning July 1, 2025, submit via eFiling an Amendment titled, "**Annual Compliance Filing for MEWA Registration.**" The Amendment should include the following:

1. Submit an Exhibit E-1 in the filing and include the following:
 - a. Identify the name of the MEWA obtaining the fully insured benefits through a large group service plan contract from the Plan.
 - b. Provide the eFiling number for the Plan's most recent enrollment data filing pursuant to Section 1348.95 as amended by SB 129 (Pan, Ch. 241,

Stats. 2019) showing the enrollment information the Plan reported on the registered MEWA. (See APL 20-002 (OFR) – Enrollment Data Reporting.)

- c. If the MEWA is registered with the DMHC under Section 1357.503(a)(2)(B), please provide the following Plan affirmations:
- i. Affirm as of January 1, 2019, the large group health care service plan contract offered to employees has continuously provided a level of coverage having an actuarial value equivalent to, or greater than, the platinum level of coverage, as described in Section 1367.008, that is available through the California Health Benefit Exchange established pursuant to Section 100500 of the Government Code,¹⁰ and the large group health care service plan contract provides coverage for essential health benefits consistent with Section 1367.005 and any rules or regulations adopted pursuant to that section.¹¹
 - ii. Affirm the large group health care service plan contract includes coverage of employees, and their dependents, who are employed in designated job categories on a project-by-project basis for one or more participating employers, with no single project exceeding six months in duration, and who, in the course of that employment, are not covered by another group health care service plan contract in which the employer participates.¹²
 - iii. Affirm the employer members of the MEWA subsidize at least 51 percent of the cost of individual employee premiums of their employees.¹³
 - iv. Affirm the benefits offered under the large group health care service plan contract are fully insured and guaranteed under the Plan.¹⁴
 - v. Affirm the large group health care service plan contract is treated as a single-risk-rated contract that is guaranteed issue and guaranteed renewable for employees and dependents.¹⁵
 - vi. Affirm an employee or dependent is not charged premium rates based on health status and is not excluded from coverage based upon any preexisting condition.¹⁶
 - vii. Affirm employee and dependent eligibility are not directly or indirectly based on the health status or claims of any person.¹⁷

¹⁰ Section 1357.503(a)(2)(B)(i)(IV).

¹¹ Section 1357.503(a)(2)(B)(i)(IV).

¹² Section 1357.503(a)(2)(B)(i)(V).

¹³ Section 1357.503(a)(2)(B)(i)(V).

¹⁴ Section 1357.503(a)(2)(B)(i)(VI).

¹⁵ Section 1357.503(a)(2)(B)(i)(XI).

¹⁶ Section 1357.503(a)(2)(B)(i)(XI).

¹⁷ Section 1357.503(a)(2)(B)(i)(XI).

- viii. Affirm an employer is not excluded from participating in a MEWA or offering the large group health care service plan contract based on the health status or claims of any employee or dependent.¹⁸
- ix. If the Plan is unable to make any of the above affirmations, please explain.
- d. If the MEWA is registered with the DMHC under Section 1357.503(a)(2)(C), please provide the following affirmations:
 - i. Affirm the large group health care service plan offers to employees a level of coverage having an actuarial value or equivalent to, or greater than, the platinum level of coverage pursuant to Section 1367.009 available through the California Health Benefit Exchange established pursuant to Section 100500 of the Government Code.
 - ii. Affirm the large group health care service plan contract provides coverage for essential health benefits consistent with Section 1367.005 and any rules or regulations pursuant to that section.¹⁹
 - iii. Affirm the large group health care service plan includes coverage of common law employees, and their dependents, who are employed by an association member in the biomedical industry and whose employer has operations in California.²⁰
 - iv. Affirm the large group health care service plan offers only fully insured benefits through an insurance contract with the Plan.²¹
 - v. Affirm the large group health care service plan contract is treated as a single-risk-rated contract that is guaranteed issued and renewable for member employers, as well as their employees and dependents.²²
 - vi. Affirm an employee or dependent is not charged premium rates based on health status and is not excluded from coverage based upon any preexisting condition. Section 1357.503(a)(1)(C)(i)(XI).
 - vii. Affirm employee and dependent eligibility are not directly or indirectly based on the health status or claims of any person.²³
 - viii. Affirm an employer otherwise eligible is not excluded from participating in a MEWA, or offering or renewing the large group health care service plan contract, based on the health status or claims of any employee or dependent.²⁴
- e. If the MEWA is registered with the DMHC under Section 1357.505, please provide the following affirmations:

¹⁸ Section 1357.503(a)(2)(B)(i)(XI).

¹⁹ Section 1357.503(a)(1)(C)(i)(IV).

²⁰ Section 1357.503(a)(1)(C)(i)(V).

²¹ Section 1357.503(a)(1)(C)(i)(VI).

²² Section 1357.503(a)(1)(C)(i)(XI).

²³ Section 1357.503(a)(1)(C)(i)(XI).

²⁴ Section 1357.503(a)(1)(C)(i)(XI).

- i. Affirm the association was established prior to January 1, 1966, has been in continuous existence since that date, and is a bona fide association or group of employers that may act as an employer under Section 3(5) of ERISA (29 U.S.C. Sec. 1002(5)). The association is the sponsor of a MEWA, as defined under Section 3(40) of ERISA (29 U.S.C. Sec. 1002(40)).²⁵
- ii. Affirm the MEWA is fully insured as described in Section 514 of ERISA (29 U.S.C. Sec. 1144) and is in full compliance with all applicable state and federal laws.²⁶
- iii. Affirm the MEWA has offered a large group health care service plan contract since January 1, 2012, in connection with an employee welfare benefit plan under Section 3(1) of ERISA (29 U.S.C. Sec. 1002(1)).²⁷
- iv. Affirm the association members purchasing health coverage have a minimum of two full-time common law employees and are current employer members of the association sponsoring the MEWA. Employer members of the association subsidize employee premiums by at least 51 percent.²⁸
- v. Affirm the association is an organization with business and organizational purposes unrelated to the provision of health care benefits and existed prior to the establishment of the MEWA offering the employee welfare benefit plan.²⁹
- vi. Affirm the participating member employers have a commonality of interests from being in the same industry, unrelated to the provision of health care benefits.³⁰
- vii. Affirm the membership in the association is open solely to employers, and the participating member employers, either directly or indirectly, exercise control over the employee welfare benefit plan, the MEWA, and the large group health care service plan contract, both in form and substance.³¹
- viii. Affirm the MEWA at all times covers at least 101 employees.³²
- f. Explain if the Plan's EOC/DF has been changed since the Plan's original [APL 22-012 – Section 1357.503 Compliance and MEWA Registration](#) or APL 25-010 - MEWA Registration and Annual Compliance submission.
- g. Explain if any changes have been made to the California Essential Health Benefits Filing Worksheet the Plan filed as an Exhibit T-2 to demonstrate compliance with Section 1357.505(a)(4) in the Plan's original submission.

²⁵ Section 1357.505(a)(1).

²⁶ Section 1357.505(a)(2).

²⁷ Section 1357.505(a)(3).

²⁸ Section 1357.505(a)(7).

²⁹ Section 1357.505(a)(8).

³⁰ Section 1357.505(a)(9).

³¹ Section 1357.505(a)(10).

³² Section 1357.505(a)(12).

- h. Explain if any changes have been made to the contract between the Plan and MEWA as a “Miscellaneous Documents/Attachments” exhibit in the Plan’s original submission.
2. Submit an Exhibit FF-4 using the most recent Actuarial Value Calculator to demonstrate compliance with Section 1357.505(a)(4). For background, refer to “Actuarial Value Calculation: Exhibit FF-4” in the [2025 Checklist and Worksheet for Qualified Health Plans in the California Health Benefit Exchange](#).
3. Plans must submit any changes to their representative template EOC as an Exhibit T-1, their Disclosure Form as an Exhibit S-1, or their Combined EOC/DF as an Exhibit U-1 or Exhibit T-2 showing the changes from the original submission by strikeout, underline or other method in accordance with Rule 1300.52.
4. Submit any changes to the contract between the Plan and MEWA as a “Miscellaneous Documents/Attachments” exhibit, showing the changes from the original submission by strikeout, underline or other method in accordance with Rule 1300.52.

B. MEWA Annual Filing Requirement Due June 1 Each Year

To satisfy the annual compliance requirements, registered MEWAs must submit the following information to the DMHC for review by June 1 of each year, beginning June 1, 2025. MEWAs’ annual submissions should include the following information and documents:

1. Cover Letter
 - a. State the MEWA is submitting the MEWA filing to meet the annual compliance requirements pursuant to Section 1357.503 or 1357.505, for the applicable year.
 - b. Provide a brief narrative of any changes to the MEWA which may impact the MEWA’s registration.
2. Completed Application and Annual Compliance Form for MEWA Registration (DMHC 10-283)
 - a. Indicate in the third fillable field of DMHC 10-283 that the form is submitted as an “Annual Filing of Ongoing Compliance with Section 1357.503 or 1357.505.”
 - b. DMHC 10-283 is attached as Exhibit A to this APL and is also available on the DMHC’s public website.

Submit the completed DMHC 10-283, cover letter, and any other related documents to the DMHC via electronic mail or US mail to the address identified below.

For electronic submissions:

TO: MEWA.Registration@dmhc.ca.gov

SUBJECT: MEWA Registration Application for <insert MEWA name>

For US Mail submissions:
DMHC-Office of Plan Licensing
ATTN: MEWA Registration
980 9th Street, Suite 500
Sacramento, CA 95814

IV. QUESTIONS or CONCERNS

If Plans have any questions or concerns regarding this APL, please contact your plan's assigned Office of Plan Licensing reviewer.

If MEWAs have any questions or concerns regarding this APL, please contact the Office of Plan Licensing at MEWA.Registration@dmhc.ca.gov.