



A Lesson from History: Association Health Plans Leave Consumers at Risk

The administration and Congressional Republicans are promoting association health plans, but the history of challenges arising in multiple employer welfare arrangements (MEWAs) and similar plans show what is at risk. **Thousands of American workers and business owners have discovered that when plans are not adequately regulated or maintained, medical bills go unpaid.**

Nationally

The Government Accountability Office (GAO) found that from 1988 to 1991 alone, MEWAs left around 400,000 people with more than [\\$123 million](#) in unpaid medical bills. Between 2000 and 2002, 144 scams left more than 200,000 policyholders with more than [\\$252 million](#) in medical bills.

Illinois

In 2017, a MEWA in Illinois failed to pay more than [\\$26 million](#) for participants' health benefit claims.

South Carolina

South Carolina Health Cooperative, Inc., a MEWA, was already in a "financially impaired state" when two letters of credit totaling [\\$8 million](#) to be used in the event of insolvency to pay claims were determined to be fraudulent. As of 2014, some 4,600 employees of small businesses around South Carolina were left responsible for their own medical bills.

Nevada

Employers Mutual, LLC collected approximately \$16 million in premiums in every state from over 22,000 people during a 10-month period. As of 2003, more than [\\$24 million](#) in medical claims remained unpaid.

New Jersey

When New Jersey's Coalition of Automotive Retailers, a longstanding MEWA that covered 20,000 people, became insolvent in 2002, it had [\\$15 million](#) in outstanding medical bills.

Indiana

The Indiana Construction Industry Trust became insolvent in 2002. The trust insured approximately 790 employers and 14 association groups covering over 22,000 employees and their dependents. By 2004, it had less than \$1 million in assets, but more than [\\$20 million](#) in unpaid claims.

California

In 2001, Sunkist Growers, Inc., a MEWA in California covering 23,000 people, became insolvent. Sunkist owed around [\\$11 million](#) for medical claims.

Oklahoma

American Indemnity Trust's insolvency left [\\$6 million](#) in unpaid claims.

Florida

In 1988, a California-based MEWA began enrolling Florida residents without complying with state insurance laws. Within a year, it enrolled about 4,000 residents and ultimately accumulated [\\$3.2 million](#) in unpaid claims. The MEWA was dissolved, with no identifiable assets.