

COSE HEALTH AND WELLNESS TRUST

(COSE Trust)

Answers to Frequently Asked Questions (FAQs)
Pertaining to Compliance

September 2019

1. If I sign my business up for coverage through the COSE Trust, will that cause my business to have any legal responsibilities?

Yes, but those responsibilities are relatively minimal.

It's important to understand the consequences of providing employees with health coverage. If you're self-employed and are just covering yourself (and perhaps, some dependents), there are few if any legal responsibilities. But if, by signing up for COSE Trust coverage, you provide coverage to your business's employees, you are considered to be maintaining an "employee benefit plan." Such plans are regulated under a federal law known as the Employee Retirement Income Security Act, or ERISA.

Small business organizations generally have relatively few legal responsibilities when they maintain such a plan, but there are a couple: to promptly forward to the COSE Trust any contributions collected from covered employees; to timely pass along to employees (and to dependents, if covered) any materials or information you have, or receive, regarding the health plan (including coverage changes).

2. Isn't the COSE Trust considered the "plan"?

No. The COSE Trust is simply an Ohio-certified arrangement that individual businesses use to more efficiently and cost-effectively maintain a health plan for their covered employees and dependents – and where applicable, for their working owners. Your business maintains the health plan; the COSE Trust provides the coverage and makes all related arrangements such as using Medical Mutual Services, an affiliate of Medical Mutual of Ohio, to handle claims and almost all of the other paperwork.

3. Wait. Isn't there insurance?

There is, but not in the traditional sense. The COSE Trust provides group coverage and functions like a mutual insurance company in many respects, by "pooling" the risks that arise under the benefit plans of the businesses that sign up for the coverage. At the same time, the COSE Trust protects itself (and all of the participating businesses) from catastrophic claims that find their way into the pool by purchasing insurance from a third-party reinsurer. Unlike a mutual insurance company, though, the COSE Trust does not formally maintain reserves, or have an established level of

committed capital, because it operates under a special Ohio law (RC §1739) which provides it with the authority to issue policies so long as the participating businesses remain subject to a special assessment. (The special assessment provision has been taken care of, contractual.) But the coverage technically is not considered “insurance,” *per se*.

4. Does my business have any filing requirements?

So long as your business’s health plan covers less than 100 employees, no. (Technically, the COSE Trust only permits businesses to provide coverage for 50 or fewer employees, so any business that sign up for COSE Trust coverage should be able to satisfy this condition.)

A special regulatory exemption permits a business that maintains a benefit plan to avoid this filing requirement, generally so long as (a) benefits are provided exclusively through insurance contracts or policies issued by an insurance company, or by a similar organization qualified to do business in any state; (b) the employer pays directly the premiums or contributions; (c) contributions received from individual employees are forwarded within three months of receipt; and (d) a handful or other, minor requirements (such as promptly returning any refunds that get made) are satisfied.

Because the COSE Trust is specifically qualified in Ohio to issue policies and engage in related activity, the exemption generally is available to the COSE Trust’s adopting employers and would extend to the annual Form 5500 filing.

5. Does my business have any disclosure requirements?

In general, yes. A business still has to provide coverage information, and plan summaries (known as a “summary plan description”), to anyone eligible for the coverage, and has to cooperate with government inquiries.