

STATISTICAL BRIEF #412

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Changes in Self-Insured Coverage for Employer-Sponsored Health Insurance: Private Sector, by Firm Size, 2001-2011

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Introduction

In the context of employer-sponsored health insurance coverage, a self-insured plan is one for which the employer has chosen to assume the financial risk for the enrollees' medical claims under the plan either partially or entirely. Employers with a self-insured plan commonly purchase stop-loss coverage from a reinsurer who agrees to bear the risk (or stop the loss) for those expenses exceeding a predetermined dollar amount. Some self-insured employers contract with an insurance company or third party administrator for claims processing and other administrative services. Employers may offer both self-insured and fully insured plans (where the employer contracts with another organization—such as a health insurance company or HMO—to assume financial responsibility for the enrollees' medical claims and for all incurred administrative costs).

From the enrolled employees' point of view, the employer's method of funding their health insurance benefits is transparent. All types of plans (including conventional indemnity, PPO, and HMO) can be financed on a self-insured basis. So employees offered a choice among plans do not "choose" a self-insured plan, but rather the type of coverage that they want given the plans offered.

This Statistical Brief examines offers of and enrollment in self-insured coverage in the private sector. It contrasts overall changes in employer-sponsored health insurance with changes in self-insured coverage for 2001 compared to 2011. The analysis covers differences between private sector employers by firm size—fewer than 10 employees, 10 to 24 employees, 25 to 99 employees, 100 to 999 employees, and 1,000 or more employees—during the period.

Only those differences that are statistically significant at the 0.05 significance level are discussed.

Findings

From 2001–2011, the overall percentage of private-sector establishments offering employer-sponsored health insurance fell from 58.3 percent to 51.0 percent (figure 1). The percentage offering in the 1,000 or more employees firm size group was unchanged at 99.5 percent in 2011, while all other firm sizes showed declines.

For those establishments offering insurance, the percentage with at least one self-insured plan rose from 30.7 percent to 36.9 percent during the period (figure 2). Looking at self-insured coverage by firm size, only establishments in the 1,000 or more employees category showed a significant upward trend during the period. For those establishments,

Highlights

- From 2001–2011, the overall percentage of private-sector establishments offering employer-sponsored health insurance fell. Among establishments offering insurance, the percentage rose of those with at least one self-insured plan.
- Only establishments offering insurance in the firm size category of 1,000 or more employees showed a significant upward trend in self-insurance over the period. For those establishments, 78.5 percent had at least one self-insured plan in 2001 compared to 87.5 percent in 2011.
- The total number of enrollees in employer-sponsored health insurance plans dropped by 8.4 million (13.3 percent), while self-insured enrollment was up by 1.2 million (3.9 percent) from 2001 to 2011.
- This increase in self-insured enrollees occurred solely in firms with 1,000 or more employees, where the number rose by 3.1 million (13.1 percent).

78.5 percent had at least one self-insured plan in 2001 compared to 87.5 percent in 2011. All other firm sizes posted little or no change during the period.

About 33 percent of establishments offering health insurance had only self-insured plans in 2011, up from 24.8 percent in 2001; this was true for 77.5 percent of employers with 1,000 or more employees in 2011, up from 57.8 percent in 2001 (figure 3). Again, there was little change for other firm sizes during the period.

The total number of enrollees in employer-sponsored health insurance plans dropped by 8.4 million (13.3 percent) in the private sector from 2001 to 2011, or from 63.2 million employees to 54.8 million employees (figure 4). The total number of enrollees fell in all firm size categories during the period.

Unlike total enrollment, self-insured enrollment rose from 2001 to 2011 (figure 5). The increase was 1.2 million (3.9 percent), or from 30.9 million to 32.1 million. However, the increase in self-insured enrollment occurred solely in firms with 1,000 or more employees, where the number of self-insured enrollees rose 3.1 million (13.1 percent) from 23.7 million to 26.8 million. Each firm size category below 1,000 employees showed a decline in the number of self-insured enrollees during the period.

Throughout the period, self-insured enrollment was dominated by firms with 1,000 or more employees. In 2011, 83.5 percent of enrollees in self-insured plans were in these firms.

Data Source

The statistics in this Brief are estimates from the 2001–2011 MEPS-IC. All information comes from tables that are available on the MEPS Web site at http://www.meps.ahrq.gov/mepsweb/survey_comp/Insurance.jsp or have been produced using special computation runs on the confidential MEPS-IC data available at the U.S. Census Bureau.

Definitions

Employee

A person on the actual payroll. Excludes temporary and contract workers but includes the owner or manager if that person works at the firm.

Establishment

A particular workplace or physical location where business is conducted or services or industrial operations are performed.

Firm

A business entity consisting of one or more business establishments under common ownership or control. A firm represents the entire organization, including the company headquarters and all divisions, subsidiaries, and branches. A firm may consist of a single-location establishment, in which case the establishment and firm are identical.

Health insurance plan

An insurance contract that provides hospital and/or physician coverage to an employee for an agreed-upon fee (premium) for a defined benefit period.

About MEPS-IC

The MEPS-IC is a survey of business establishments and governments that collects information on employer-sponsored health insurance, such as whether insurance is offered, enrollments, types of plans, and premiums. The survey is conducted annually by the U.S. Census Bureau under the sponsorship of the Agency for Healthcare Research and Quality (AHRQ). A total sample of approximately 42,000 private-sector establishments was selected for the 2011 survey, with 6.4 percent of the sample determined to be out of scope during the data collection process. The response rate for the private-sector was 81.7 percent of the remaining in-scope sample units.

For more information on this survey, see MEPS *Methodology Reports 6, 8, 10, 14, 17, 18* and *27* on the MEPS Web site at http://www.meps.ahrq.gov/mepsweb/data_stats/Pub_ProdLookup_Results.jsp?ProductType=Methodology%20Report&Comp=Insurance and Insurance Component Survey Basics at http://www.meps.ahrq.gov/mepsweb/survey_comp/Insurance.jsp.

Suggested Citation

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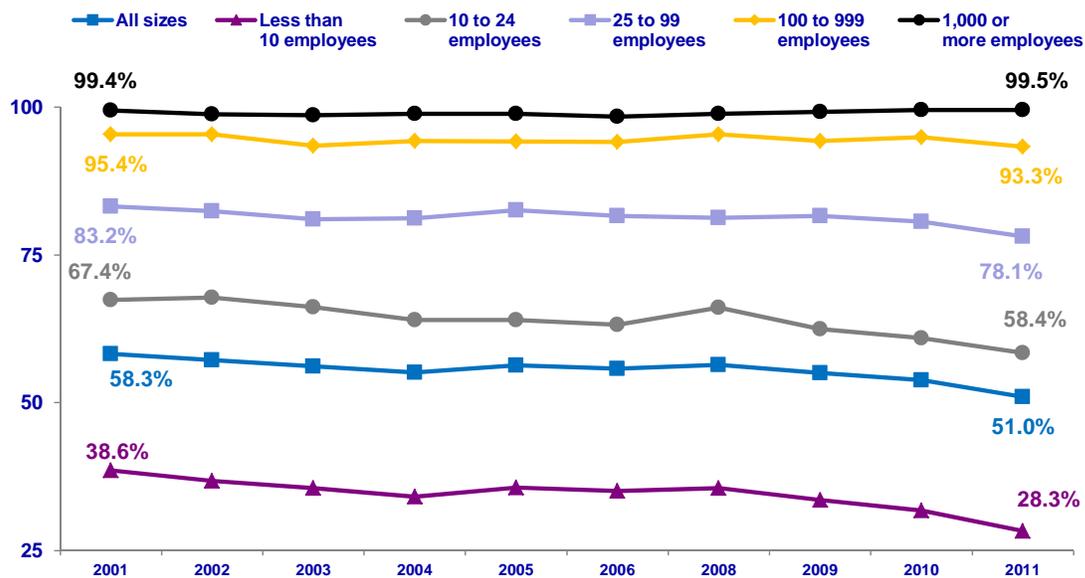
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AHRQ welcomes questions and comments from readers of this publication who are interested in obtaining more information about access, cost, use, financing, and quality of health care in the United States. We also invite you to tell us how you are using this Statistical Brief and other MEPS data and tools and to share suggestions on how MEPS products might be enhanced to further meet your needs. Please email us at MEPSProjectDirector@ahrq.hhs.gov or send a letter to the address below:

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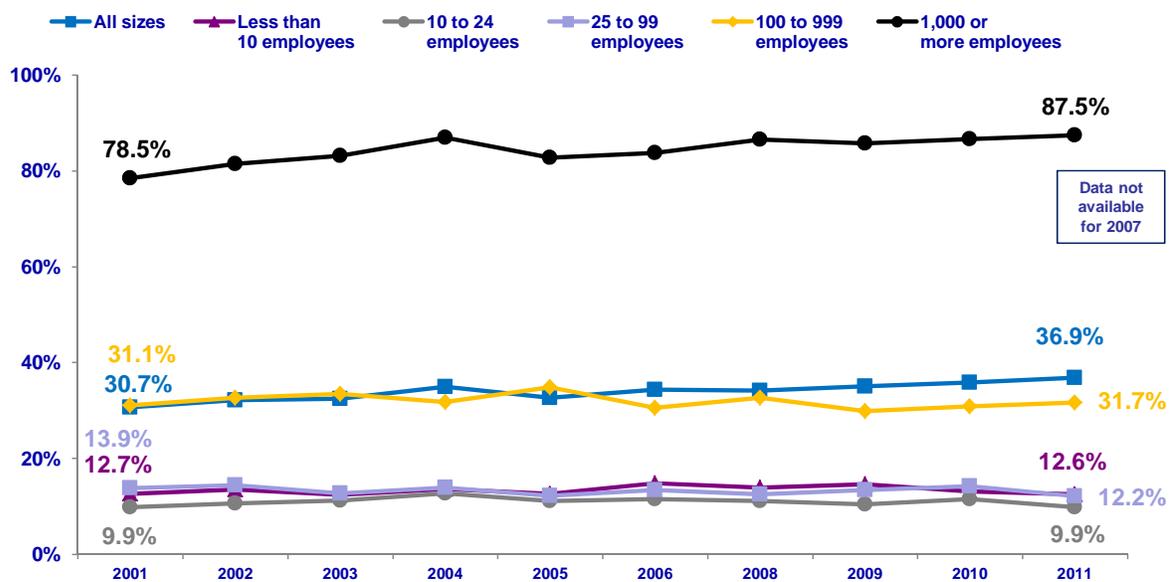
Figure 1. Percentage of establishments that offer employer-sponsored health insurance, by firm size, private sector: 2001–2011



Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2001–2011



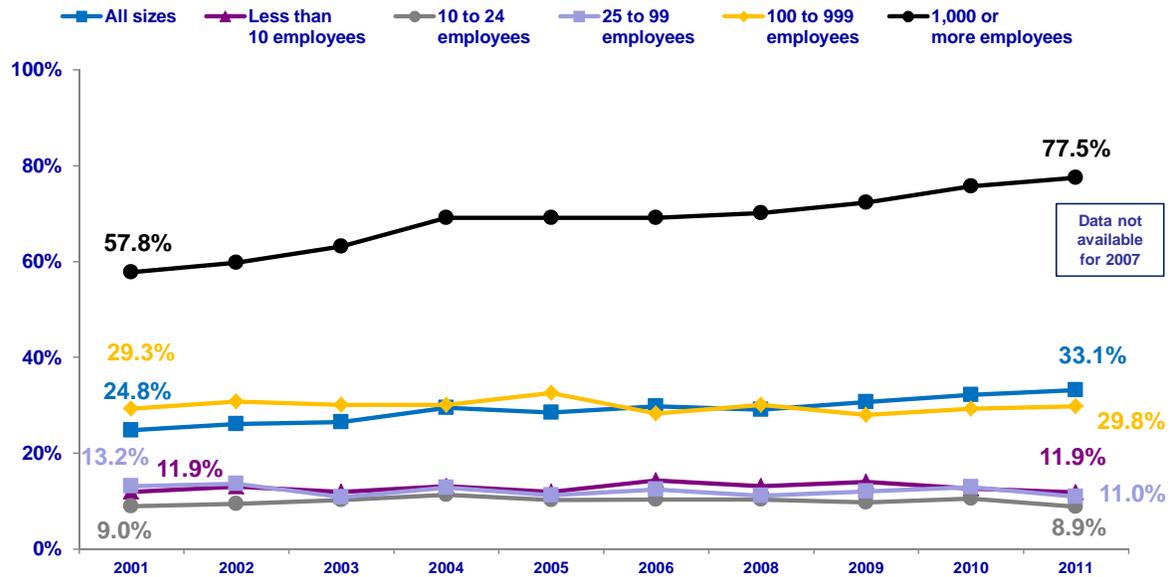
Figure 2. Percentage of establishments offering insurance that self-insure at least one plan, by firm size, private sector: 2001–2011



Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2001–2011



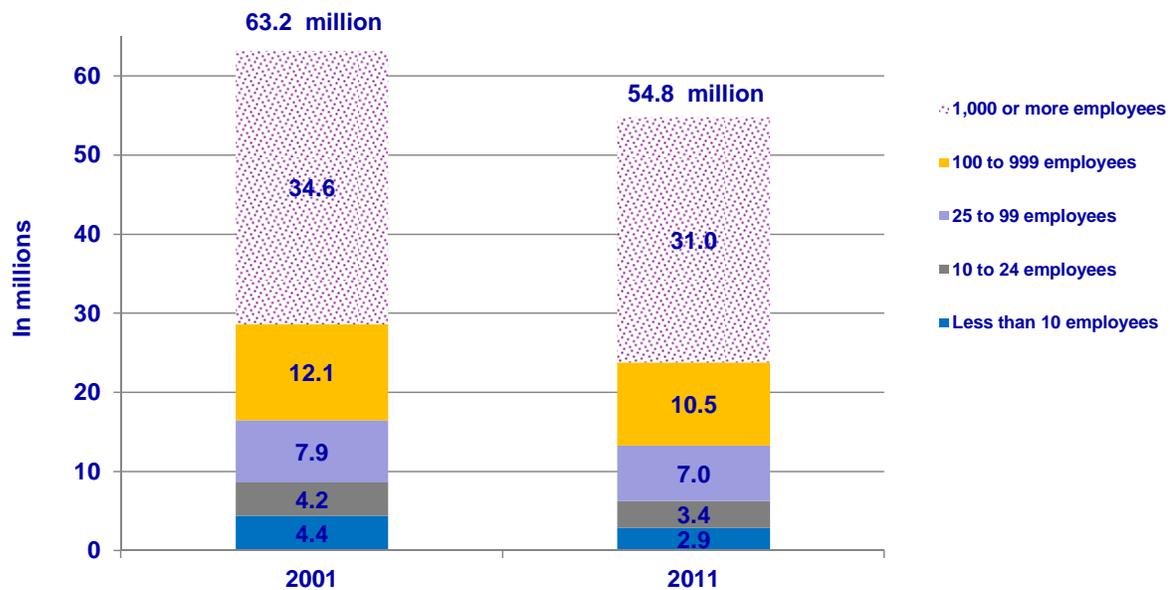
Figure 3. Percentage of establishments offering insurance that self-insure all plans, by firm size, private sector: 2001–2011



Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2001–2011



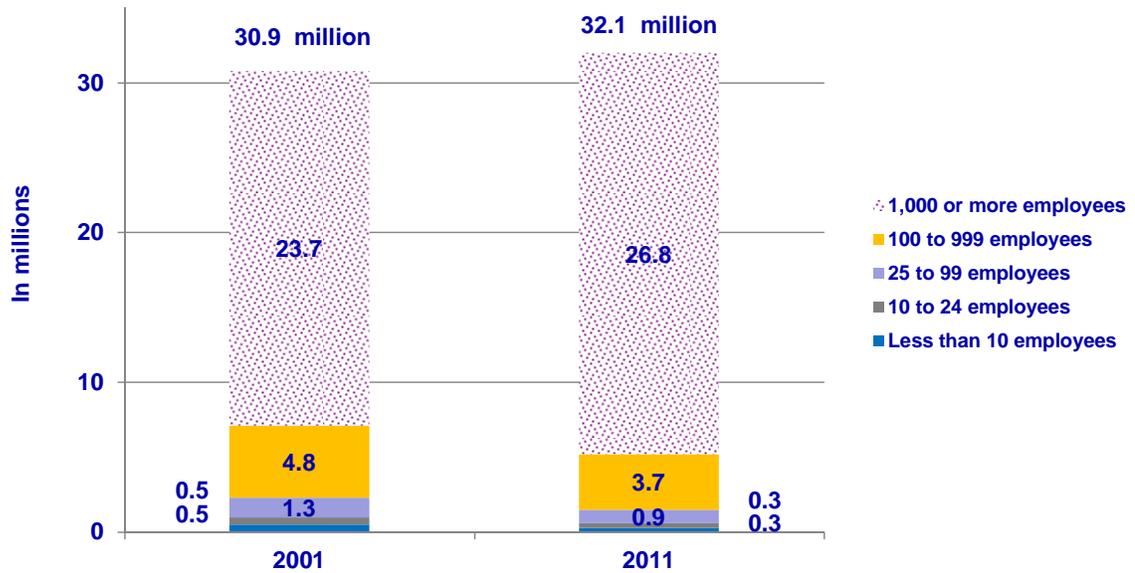
Figure 4. Total enrollment in employer-sponsored health insurance, by firm size, private sector: 2001 and 2011



Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2001–2011



Figure 5. Self-insured enrollment in employer-sponsored health insurance by firm size, private sector: 2001 and 2011



Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2001–2011