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New Research from EBRI:

Self-Insured Growing in Small, Medium-Sized Firms

WASHINGTON—The share of both private-sector self-insured health plans and number of covered workers in self-insured health plans have increased among small- and mid-sized firms since enactment of the Affordable Care Act (ACA) in 2010, according to new research from the nonpartisan Employee Benefit Research Institute (EBRI).

While the data do not demonstrate that ACA is conclusively the cause of the growth in self-insured plans, they “are consistent with the prediction that the ACA would cause more small- and mid-sized employers to adopt self-insured plans,” said Paul Fronstin, director of EBRI’s Health Research and Education Program and author of the report.

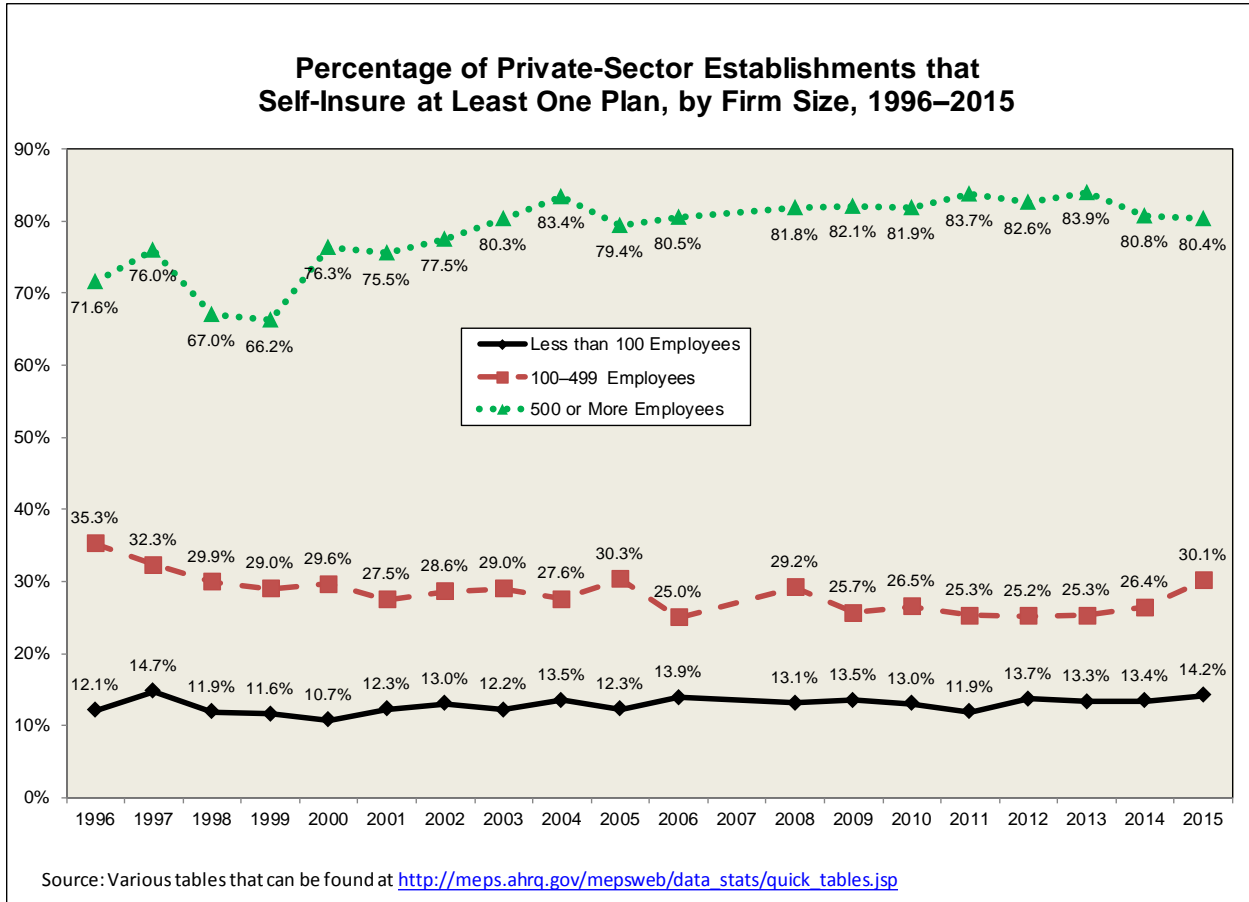
As the EBRI report notes, employment-based health plans generally fall into one of two categories—fully insured plans or self-insured plans. The key distinction is whether the employer has decided to purchase an insurance contract to cover the costs and financial risks associated with its employee health plan, or to use its own funds to cover such costs.

Since the passage of the ACA, some commentators have speculated that an increasing number of small and mid-sized employers would convert their health plans from fully insured to self-insured plans. The rationale has appeared to be that several of the key ACA components—creditable coverage, affordability, essential benefits, and various taxes and fees—would drive up the cost of health coverage, thus possibly making self-insurance (which is viewed by many as generally less expensive than fully-insured alternatives) a more attractive option for many employers.

Among the key findings from the EBRI report:

- The percentage of private-sector establishments offering health plans at least one of which is self-insured has increased from 28.5 percent in 1996 to 39 percent in 2015 (36.8 percent increase).
- Between 2013 and 2015, the percentages of establishments offering health plans with at least one self-insured plan has increased for mid-sized establishments from 25.3 percent to 30.1 percent (a 19 percent increase); for small establishments from 13.3 percent to 14.2 percent (a 7 percent increase); and has decreased from 83.9 percent to 80.4 percent for large establishments (a 4 percent decrease).
- Similarly, the percentage of health-plan-covered workers enrolled in self-insured health plans has increased from 58.2 percent to 60 percent (a 3 percent increase) from 2013 to 2015. The largest increases in self-insured plan coverage among covered workers have occurred in establishments with 25–99 employees and with 100–999 employees.

The EBRI analysis looks at trends in self-insured plans among private-sector establishments of different employee sizes that offered health plans going back to 1996. Key provisions of ACA took effect) in 2013, which is why the analysis focuses on the period between then and 2015. The data come from the Medical Expenditure Panel Survey Insurance Component (MEPS-IC), a survey of private- and public-sector employers fielded by the U.S. Census Bureau for the Agency for Healthcare Research and Quality (AHRQ).



The full report, “Self-Insured Health Plans: Recent Trends by Firm Size, 1996–2015,” appears in the July 2016 *EBRI Notes* (no. 7), and is online at www.ebri.org

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