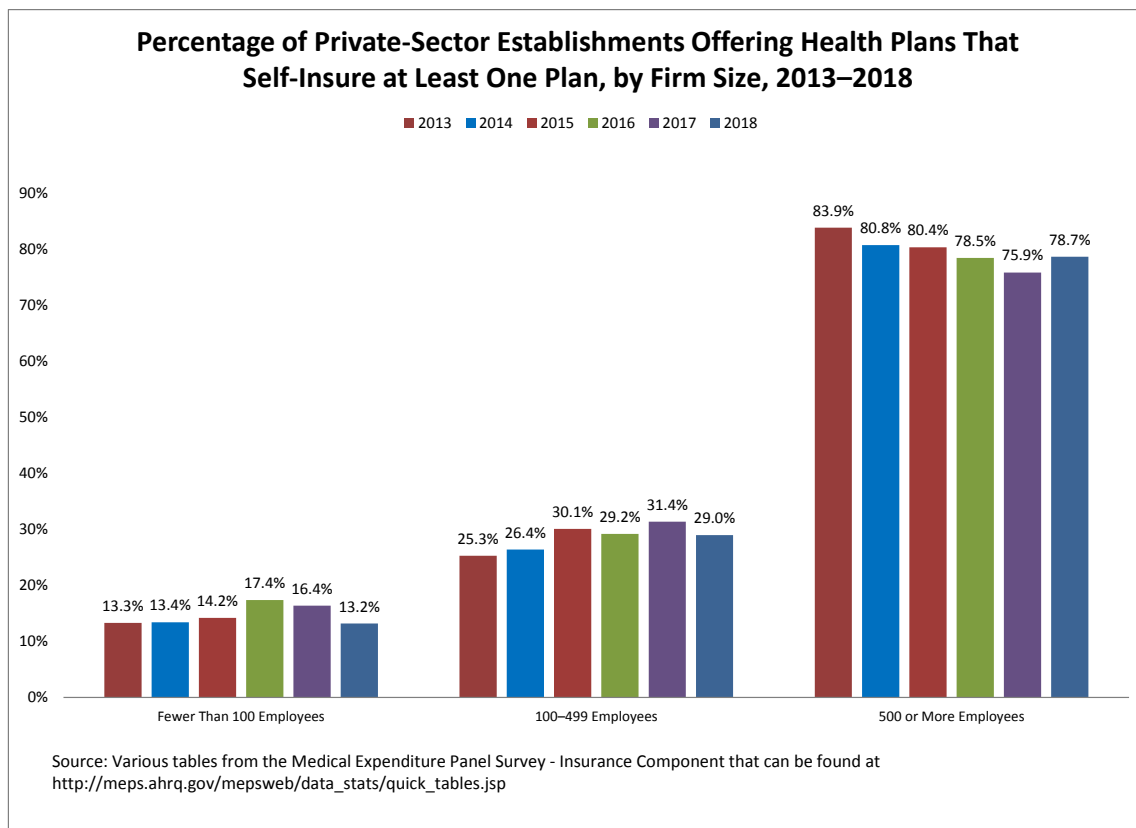


Recent Trends in Self-Insurance

Since the passage of the Patient Protection and Affordable Care Act (ACA), there has been speculation that an increasing number of small and medium-sized employers would convert their health plans from fully insured to self-insured plans. The rationale has been that several of the key ACA components — credible 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.

As expected, the passage of the ACA appears to have triggered an increase in self-insurance, though it may have been temporary for small firms and short-lived for medium-sized firms. Between 2013 and 2016, the portion of small establishments offering health plans reporting they self-insure at least one plan increased from 13.3 percent to 17.4 percent. It has since fallen to a pre-ACA rate of 13.2 percent by 2018. Among medium-sized establishments, the increase in self-insurance occurred between 2013 and 2015. Since then, the percentage self-insured has been bouncing around between 29 percent and around 31 percent.

The share of large establishments offering self-insured options actually steadily eroded until 2018, declining from 83.9 percent in 2013 to 75.9 percent in 2017. Between 2017 and 2018 it increased to 78.7 percent, which may be the beginning of a rebound.



In short, changes in the availability of and enrollment in self-insured health plans among various sizes of private-sector establishments that offer health plans that occurred between 2013 and 2016, after the introduction of the ACA, seem to be reversing course. The availability of self-insured plans is now increasing among large establishments, has started to fall among small establishments, and might be stabilizing among medium-sized establishments. While these data are consistent with the perspective set forth above that the ACA would cause more small employers to adopt self-insured plans, there are now questions as to why this recent movement may be reversing itself. Similarly, there are questions as to whether the recent increase in self-insurance among large firms is the start of a new trend.

The Employee Benefit Research Institute (EBRI) report, “Self-Insured Health Plans: Recent Trends by Firm Size, 1996–2018,” is published as the August 1, 2019, *EBRI Issue Brief* and is available online [here](#).

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