

**New Research Finds Increasing Number of Self-Insured Health Plans in Small and Medium-Sized Businesses but a Decreasing Number in Large Companies Since Passage of the Affordable Care Act of 2010**

- Dramatic increase in worker enrollment in large company self-insured health plans in 2023 -

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(Washington, D.C.) – A new research report published today by the Employee Benefit Research Institute (EBRI) examining trends in self-insured health plans found an increase in self-insurance among small to medium-sized businesses and a decrease among larger companies.

The Employee Retirement Income Security Act (ERISA), passed 50 years ago in 1974, provided the legal framework for the uniform provision of benefits by employers doing business anywhere in the United States. This uniformity allows multistate companies to “self-insure” employee health plans. Since the passage of the Patient Protection and Affordable Care Act of 2010 (ACA), there has been much speculation that an increasing number of small and medium-sized employers would convert employee health plans from fully insured to self-insured plans.

The new research report, “Trends in Self-Insured Health Coverage: ERISA at 50,” examines trends in the availability of and enrollment in self-insured health plans among private-sector establishments offering health plans and covered workers, in order to assess whether the ACA might have affected employer behavior. Key findings in the report include:

- There is much variation in the percentage of employers offering a self-insured plan by establishment size. Large firms (500 or more employees) are much more likely (74%) than small (16%) and medium-sized firms (32%) to self-insure at least one of their health plans.
- Since passage of the ACA, as the major portions of the legislation have been implemented, trends in self-insurance have differed by establishment size. Self-insurance has increased in small and medium-sized firms, while it has decreased in larger firms, although these trends have reversed in 2023. Between 2010 and 2023, the percentage of small employers that self-insured at least one plan increased from 13% to 16%, medium-sized firms increased from 27% to 32% and large firms decreased from 82% to 74%.
- The percentage of private-sector establishments offering health plans that reported they self-insured at least one of their health plans has been generally increasing since at least the mid-1990s, which is well before passage of the ACA. (The highest percentage was in 2020 with 42%.)
- Over the long term, along with the increase in the percentage of establishments that self-insure at least one health plan, enrollment in those plans increased as well. There was a dramatic

increase in the percentage of workers enrolled in a self-insured health plan in 2023 in large firms. It increased from 46% in 1996 to 57% in 2023.

- The percentage of employees in self-insured health plans with stop-loss coverage has been relatively stable recently, but there are significant differences by firm size. Data showed that companies with 100–999 employees had 92.6% stop-loss coverage while 21.1% had stop-loss coverage among those with fewer than 10 employees.
- In 2023, Connecticut had the highest percentage of private-sector enrollees in self-insured plans with 69.4% and Hawaii had the lowest with 23.9%. The national average was 57.4%.

“A company may choose to self-insure for several reasons. It allows the business to offer consistent benefit packages wherever it happens to be located, which results in ease of administration and lower expenses. Furthermore, self-insured health plans do not have to satisfy state health insurance laws, including state-mandated reserve, benefit, claims, premium, and other requirements, which also helps in easing administration and lowering expenses. In contrast, fully insured plans are required to cover state-mandated benefits and pay state insurance premiums. Both fully insured and self-insured health plans may have to comply with other federal laws applicable to such plans, such as components of the Patient Protection and Affordable Care Act of 2010 (ACA),” explained Paul Fronstin, Ph.D., director, Health Benefits Research, EBRI.

The data used in this research report came from the Medical Expenditure Panel Survey - Insurance Component, a survey of private- and public-sector employers fielded by the U.S. Census Bureau for the Agency for Healthcare Research and Quality. Conducted annually since 1996 (except for 2007), the survey collects data on the health insurance plans offered, benefits, premiums, employer and employee contributions, cost sharing, employee eligibility and take-up of insurance and employer characteristics.

To view a summary of the research report, “Trends in Self-Insured Health Coverage: ERISA at 50,” visit <https://www.ebri.org/publications/research-publications/issue-briefs/content/trends-in-self-insured-health-coverage--erisa-at-50>.

The Employee Benefit Research Institute is a non-profit, independent and unbiased research organization that provides the most authoritative and objective information about critical issues relating to employee benefit programs in the United States. The organization also coordinates activities for the Center for Research on Health Benefits Innovation, Financial Wellbeing Research Center and Retirement Security Research Center and produces a variety of leading industry surveys during the year. For more information, visit [www.ebri.org](http://www.ebri.org).

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