

## Distribution of Health Insurance Coverage in Minnesota, 2004

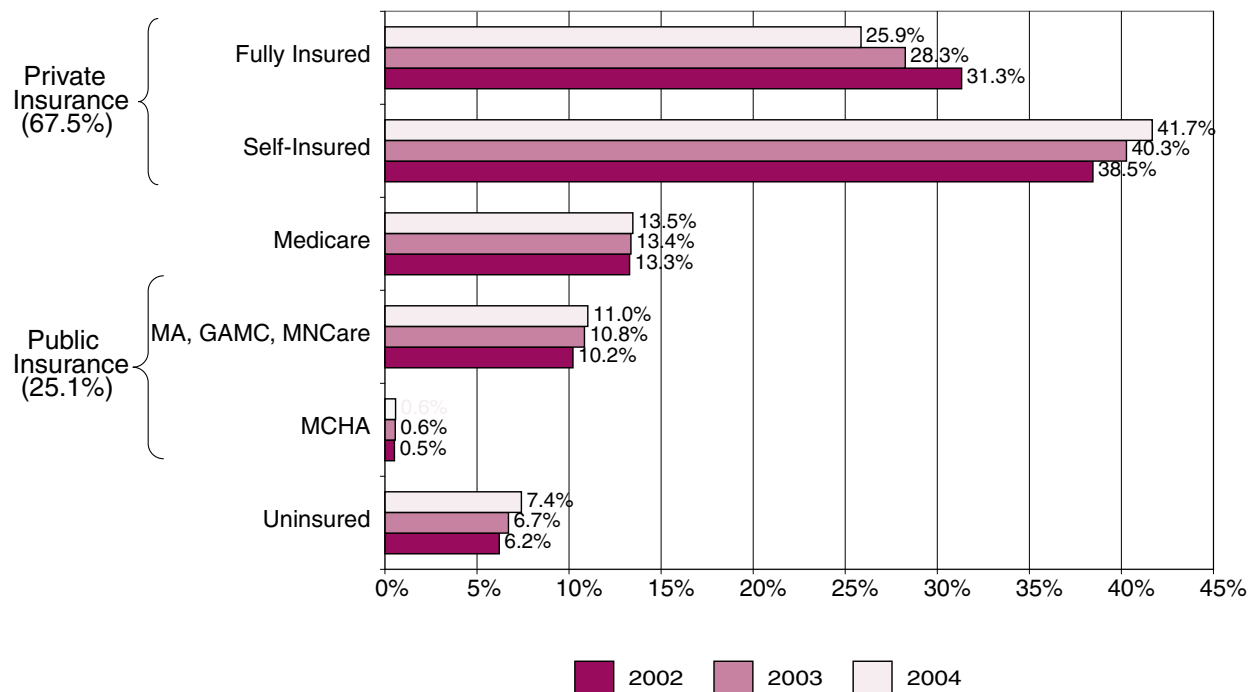
The Health Economics Program of the Minnesota Department of Health monitors the Minnesota health care market and develops estimates of the distribution of insurance coverage among Minnesotans. This issue brief describes the distribution of coverage for 2004 and analyzes some of the recent trends.<sup>1</sup>

### Private Insurance

Between 2002 and 2004, private coverage decreased by 2.3 percentage points in Minnesota. This decline was offset by an increase in public health insurance programs for low-income Minnesotans (represented by a 1.1 percentage point enrollment increase) and an increase in the uninsured (represented by a 1.2 percentage point increase in the uninsurance rate).

Figure 1

Distribution of Minnesota Population, by Primary Source of Insurance Coverage, 2002-2004  
(Population 5.1 Million)



## Distribution of Health Insurance Coverage in Minnesota, 2004

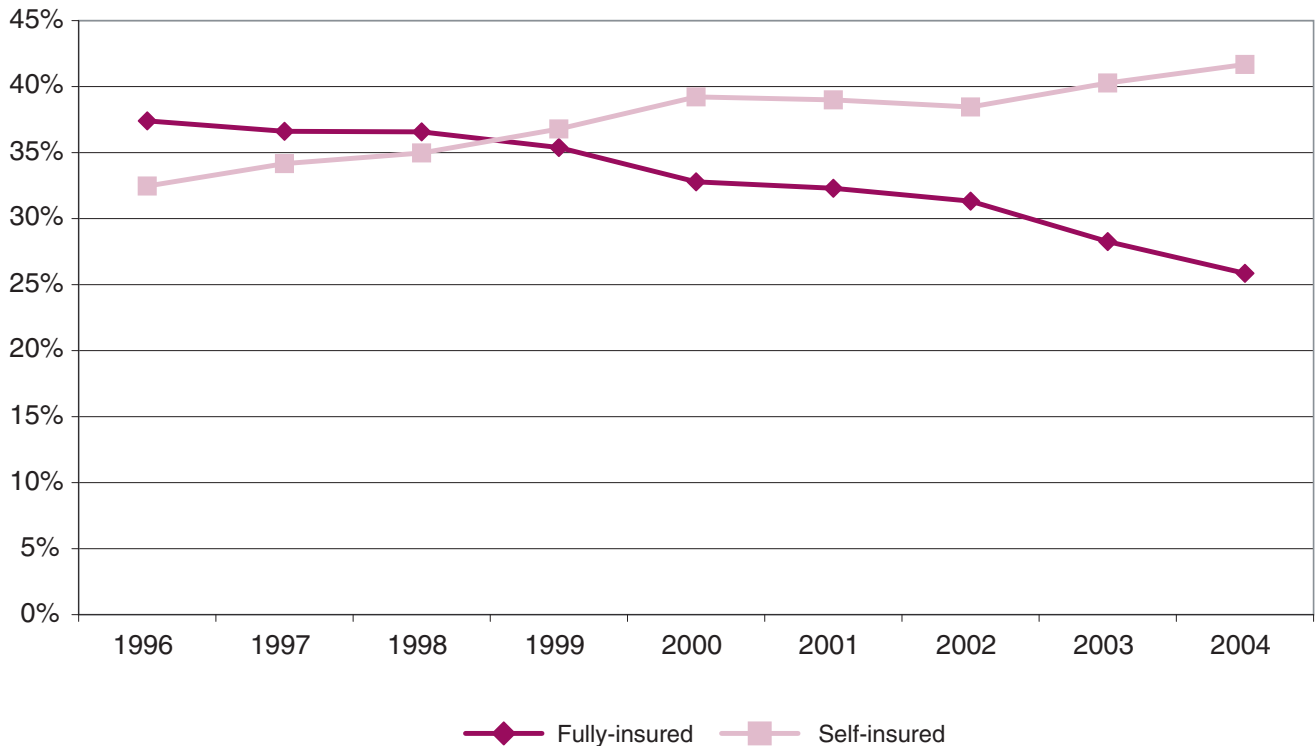
The percentage of Minnesotans receiving their health insurance in the private market declined in 2004 for the fifth year in a row. In 2004, 67.5 percent of Minnesotans had private health insurance coverage, compared to 72.2 percent in 1999. Despite recent declines, private health insurance remains the primary source of health insurance for most Minnesotans.

The private market is divided into fully insured and self-insured plans. The employer or sponsor assumes the risk of health care costs under a self-insured plan, while under a fully insured plan premiums are paid by the employer or individual to an insurer who assumes the risk of health care expenses. Self-insured plans are exempt from state regulations and taxes, such as the assessment to cover losses of the Minnesota Comprehensive Health Association (MCHA).

In 2004, the percentage of Minnesotans in self-insured health plans increased to 40.5 percent of the state's population, or 59.9 percent of the private market. The percentage of Minnesotans with fully insured coverage has declined each year since 1996. In 1996, fully insured plans accounted for 53.5 percent of the private market, while by 2004 this share had fallen to 40.1 percent.

Figure 2

Percent of Minnesota Population in Fully and Self-Insured Plans



# Distribution of Health Insurance Coverage in Minnesota, 2004

Table 1

## Minnesota Population By Primary Source of Insurance Coverage

	1997	1998	1999	2000	2001	2002	2003	2004
<b>Public</b>								
Medicare	13.4%	13.4%	13.3%	13.3%	13.2%	13.3%	13.4%	13.5%
Medical Assistance	6.8%	6.3%	6.0%	6.0%	6.2%	6.7%	7.2%	7.5%
GAMC	0.7%	0.6%	0.5%	0.5%	0.5%	0.7%	0.7%	0.7%
MinnesotaCare	2.0%	2.1%	2.2%	2.3%	2.6%	2.9%	3.0%	2.9%
MCHA	0.5%	0.4%	0.4%	0.4%	0.5%	0.5%	0.6%	0.6%
<b>Total Public</b>	<b>23.4%</b>	<b>22.8%</b>	<b>22.4%</b>	<b>22.4%</b>	<b>23.0%</b>	<b>24.0%</b>	<b>24.8%</b>	<b>25.1%</b>
<b>Private</b>								
Fully Insured	36.6%	36.6%	35.4%	32.8%	32.3%	31.3%	28.3%	25.9%
Self-Insured	34.2%	35.0%	36.8%	39.2%	39.0%	38.5%	40.3%	41.7%
<b>Total Private</b>	<b>70.8%</b>	<b>71.5%</b>	<b>72.2%</b>	<b>72.0%</b>	<b>71.3%</b>	<b>69.8%</b>	<b>68.5%</b>	<b>67.5%</b>
<b>Uninsured*</b>	<b>5.9%</b>	<b>5.6%</b>	<b>5.4%</b>	<b>5.6%</b>	<b>5.7%</b>	<b>6.2%</b>	<b>6.7%</b>	<b>7.4%</b>
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

## Minnesota Population By Primary Source of Insurance Coverage

	1997	1998	1999	2000	2001	2002	2003	2004
<b>Public</b>								
Medicare	639,293	643,877	648,272	653,947	660,330	667,407	676,156	686,155
Medical Assistance	322,997	303,936	292,682	293,646	307,465	334,551	362,028	380,362
GAMC	33,102	27,931	23,300	22,546	26,595	32,964	35,428	35,356
MinnesotaCare	94,922	101,998	107,555	115,069	129,414	145,538	150,989	145,861
MCHA	22,653	21,167	21,063	21,585	22,738	25,912	28,372	29,426
<b>Total Public</b>	<b>1,112,966</b>	<b>1,098,909</b>	<b>1,092,873</b>	<b>1,106,792</b>	<b>1,146,542</b>	<b>1,206,372</b>	<b>1,252,973</b>	<b>1,277,161</b>
<b>Private</b>								
Fully Insured	1,744,216	1,760,170	1,724,401	1,617,827	1,609,920	1,573,440	1,430,533	1,317,819
Self-Insured	1,627,312	1,683,458	1,793,039	1,935,066	1,943,537	1,931,753	2,038,519	2,123,912
<b>Total Private</b>	<b>3,371,528</b>	<b>3,443,628</b>	<b>3,517,440</b>	<b>3,552,893</b>	<b>3,553,457</b>	<b>3,505,193</b>	<b>3,469,052</b>	<b>3,441,731</b>
<b>Uninsured*</b>	<b>278,896</b>	<b>270,875</b>	<b>263,168</b>	<b>274,070</b>	<b>284,622</b>	<b>311,961</b>	<b>339,638</b>	<b>377,654</b>
<b>Total Population</b>	<b>4,763,390</b>	<b>4,813,412</b>	<b>4,873,481</b>	<b>4,933,756</b>	<b>4,984,621</b>	<b>5,023,526</b>	<b>5,061,662</b>	<b>5,096,546</b>

\*Source: Minnesota Health Access Surveys 1995, 1999, 2001, 2004. Surveys were conducted by the University of Minnesota, School of Public Health, Division of Health Services Research and Policy. Estimates for years in between surveys were calculated assuming gradual changes between survey years. Estimates of the number of uninsured do not exactly match those from the Minnesota Health Access Surveys due to differences in the availability of population estimates at the time of the surveys.

## Public Insurance

Over one-quarter (25.1 percent) of Minnesotans received their health insurance from a public program in 2004. Of the three public programs for low-income Minnesotans (Medical Assistance, MinnesotaCare, and GAMC), only Medical Assistance saw an increase in the percentage of the population enrolled from 2002 to 2004. These three programs served as the primary source of coverage for 11.0 percent of the state's population in 2004, up from 10.2 percent in 2002. Slower economic growth, a downward shift in the income distribution, a decline in employment and a shift toward employment less likely to offer health insurance have likely contributed to increases in eligibility and enrollment in these public programs.<sup>2</sup> From 2002 to 2004, Medicare enrollment increased slightly, going from 13.3 percent to 13.5 percent of the population, while MCHA enrollment increased from 0.5 percent to 0.6 percent of the population.

## Uninsured

The percentage of Minnesotans without health insurance increased from 6.2 percent in 2002 to 7.4 percent in 2004. In 2004, over 375,000 Minnesotans were uninsured, up from roughly 312,000 in 2002. The number and percentage of uninsured Minnesotans has increased significantly over the past few years. Recent changes in the demographic and employment characteristics of Minnesotans explain part of the decline in private coverage and the resulting increases in public coverage and the uninsured.<sup>3</sup>

The Health Economics Program will continue to monitor Minnesota health care markets and make its findings available to the public.

## Endnotes

<sup>1</sup> These estimates are periodically revised as new data becomes available and as the U.S. Census Bureau revises its Minnesota population estimates. The estimates differ slightly from survey-based estimates because they use a combination of survey and administrative data and adjust for multiple sources of coverage.

<sup>2</sup> "Health Insurance Coverage in Minnesota, 2001 vs. 2004", Minnesota Department of Health and University of Minnesota School of Public Health Fact Sheet, February 2006.

<sup>3</sup> "Health Insurance Coverage in Minnesota, Trends from 2001 to 2004", Minnesota Department of Health and University of Minnesota School of Public Health Report, February 2006.



The Health Economics Program conducts research and applied policy analysis to monitor changes in the health care marketplace; to understand factors influencing health care cost, quality and access; and to provide technical assistance in the development of state health care policy.

For more information, contact the Health Economics Program at (651) 282-6367. This issue brief, as well as other Health Economics Program publications, can be found on our website at: <http://www.health.state.mn.us/divs/hpsc/hep/index.html>

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