

Distribution of Health Insurance Coverage in Minnesota, 2005

The Health Economics Program of the Minnesota Department of Health monitors the Minnesota health care market and develops annual estimates of the distribution of health insurance coverage among Minnesotans. This issue brief describes the distribution of coverage for 2005 and analyzes some of the recent trends.¹

Private Insurance

Although the percentage of Minnesotans receiving their health insurance in the private market has been declining since 1999, this trend seems to have slowed in recent years. In 2005, 67.5 percent of Minnesotans had private health insurance, compared to 67.6 percent in 2004 (see Table 1). Despite recent declines, private health insurance remains the primary source of health insurance for most Minnesotans.

Table 1
Minnesota Population By Primary Source of Insurance Coverage

	1998	1999	2000	2001	2002	2003	2004	2005
Public								
Medicare	13.4%	13.3%	13.3%	13.2%	13.3%	13.4%	13.5%	13.5%
Medical Assistance	6.3%	6.0%	6.0%	6.2%	6.7%	7.2%	7.4%	7.7%
GAMC	0.6%	0.5%	0.5%	0.5%	0.7%	0.7%	0.7%	0.7%
MinnesotaCare	2.1%	2.2%	2.3%	2.6%	2.9%	3.0%	2.8%	2.6%
MCHA	0.4%	0.4%	0.4%	0.5%	0.5%	0.6%	0.6%	0.6%
Public, Total	22.8%	22.4%	22.4%	23.0%	24.0%	24.7%	25.0%	25.1%
Private								
Fully Insured	36.6%	35.4%	32.8%	32.3%	31.3%	28.3%	27.2%	27.3%
Self-Insured	35.0%	36.8%	39.2%	39.0%	38.5%	40.3%	40.4%	40.2%
Private, Total	71.5%	72.2%	72.0%	71.3%	69.8%	68.6%	67.6%	67.5%
Uninsured*	5.6%	5.4%	5.6%	5.7%	6.2%	6.7%	7.4%	7.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

*Source: Minnesota Health Access Surveys 1995, 1999, 2001, 2004. Estimates are interpolated for missing years.

There are two types of private health insurance; fully insured and self-insured plans. In a fully insured plan, premiums are paid to a health plan to assume responsibility for claims, while under a self-insured plan the sponsor assumes the risk of health care costs.

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Self-insured plans are exempt from state regulations and taxes, such as the assessment to cover losses of the Minnesota Comprehensive Health Association (MCHA). Over the past three years the percentage of the population with coverage through a self-insured plan has been stable, following a long period of steady growth in the self-insured market (see Figure 2).

Figure 1
Distribution of Minnesota Population, by Primary Source of Insurance Coverage, 2005
(Population 5.1 Million)

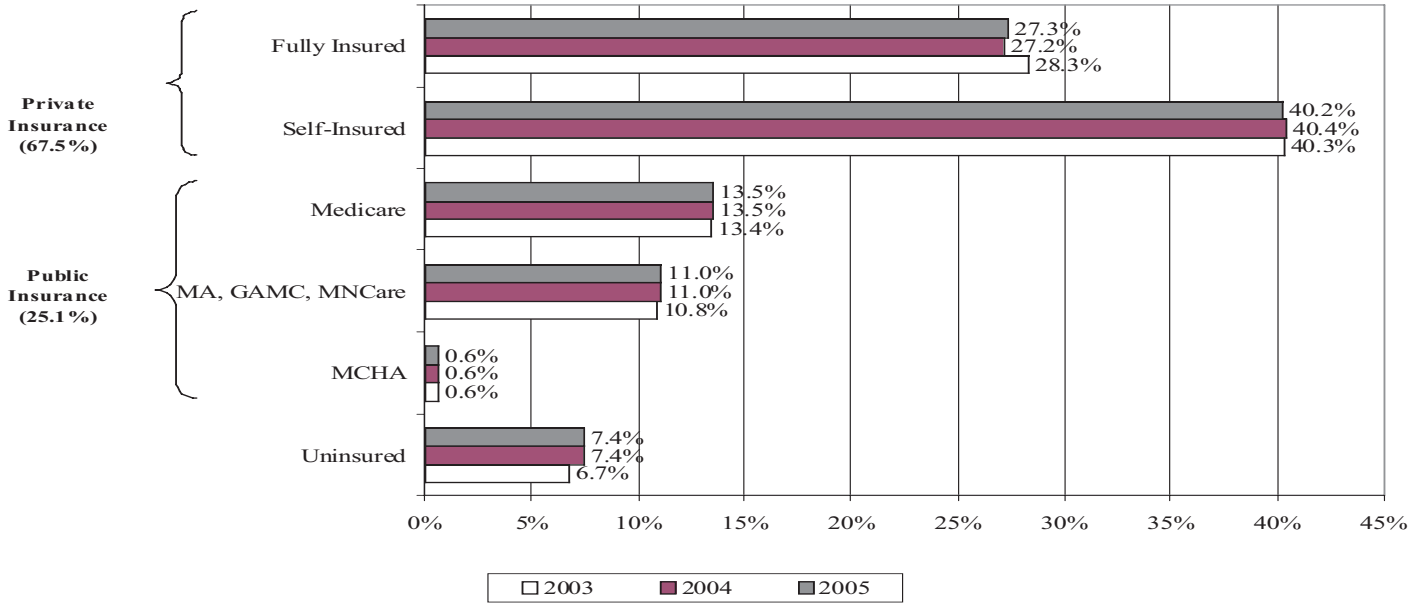


Figure 2
Percent of Private Market in Fully Insured and Self-Insured Plans

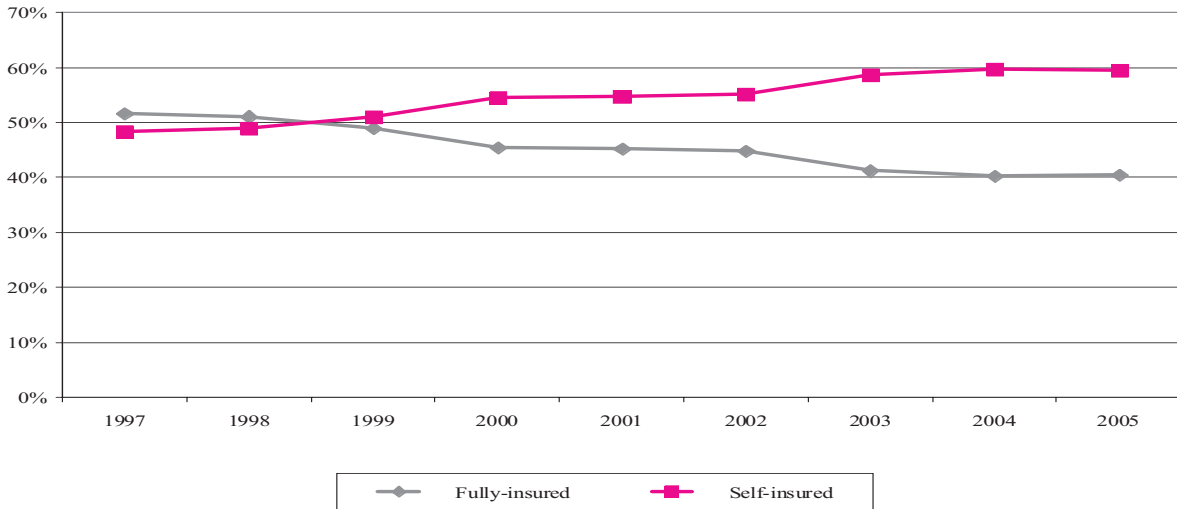
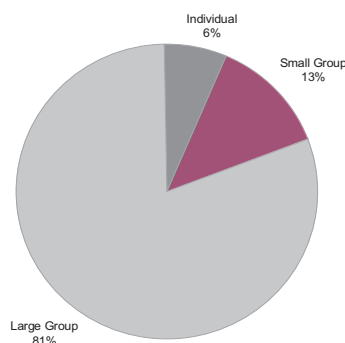


Figure 3 shows how private health insurance coverage in Minnesota is distributed among individual, small group, and large group plans. Over 80 percent of the private market is in large group plans, while small group plans account for 13 percent and individual plans represent 6 percent of the market. This distribution has been very stable over the past several years.

Figure 3

Distribution of Private Insurance, by Individual, Small Group and Large Group Plans, 2005



Public Insurance

About one-quarter (25.1 percent) of Minnesotans received their health insurance from a public program in 2005 (see Table 1). Total enrollment for the three public programs for low income Minnesotans (Medical Assistance, MinnesotaCare, and GAMC) was stable at 11.0 percent of the population, although there were some changes in the distribution between these three programs. While Medical Assistance enrollment increased from 7.4 percent of the population to 7.7 percent, the percent of the population in MinnesotaCare decreased from 2.8 percent of the population to 2.6 percent. GAMC enrollment remained unchanged at 0.7 percent of the state's population. Medical Assistance and MinnesotaCare enrollment has been increasing in recent years; in 1998, 8.4 percent of Minnesotans were covered by one of these two programs for low income people while in 2005 this had grown to 10.3 percent.

About 13.5 percent of Minnesotans have Medicare as their primary source of insurance coverage, while 0.6 percent are covered by MCHA; these rates have been stable over time.

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

Endnotes

¹These 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 such as the Minnesota Health Access Survey because they use a combination of survey and administrative data and adjust for multiple sources of coverage. In addition, estimates of uninsurance are not available each year and this analysis interpolates estimates for missing years.

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) 201-3550. This issue brief, as well as other Health Economics Program publications, can be found on our website at: <http://www.health.state.mn.us/healthconomics>.

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