

Distribution of Health Insurance Coverage in Minnesota, 2007

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 2007 and analyzes some of the recent trends.

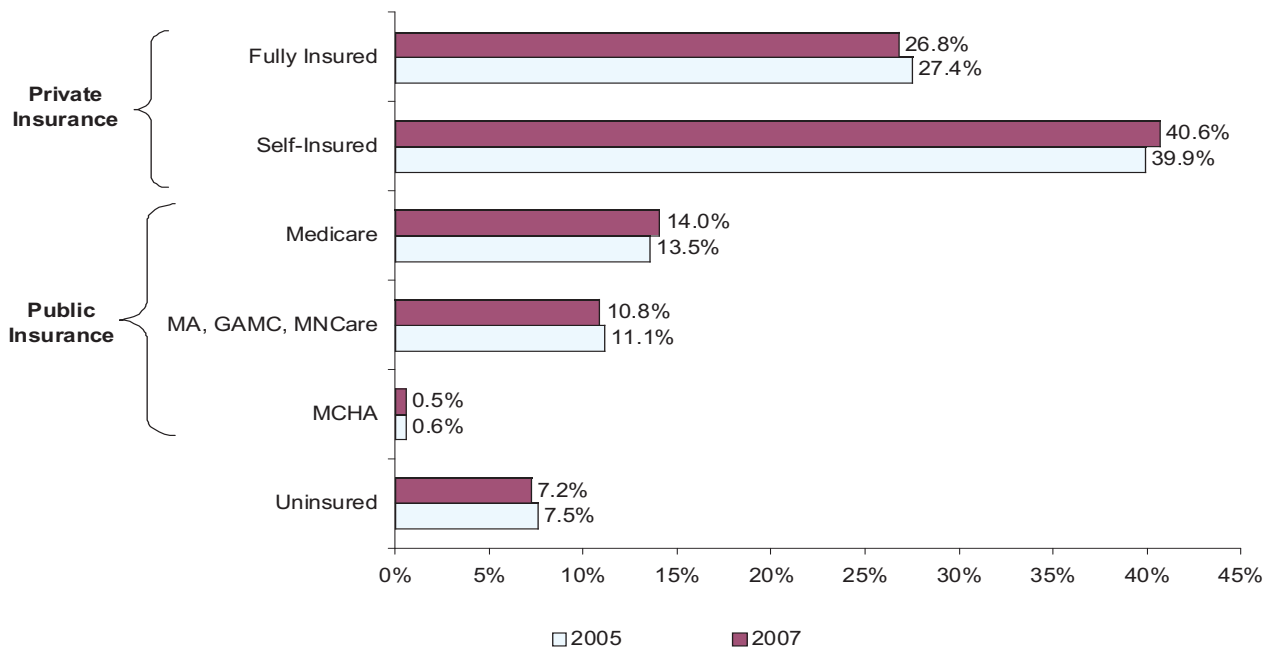
Over time, changes in Minnesota's distribution of health insurance coverage have been fairly gradual, with modest declines in the share of the population with private coverage and increases in public coverage and the percentage of people without insurance coverage (see Table 1). From 2005 to 2007, the distribution of health coverage was largely unchanged (see Figure 1).

Private Insurance

Although the percentage of Minnesotans with private health insurance has been declining since 1999, this trend has slowed in recent years. In 2007, 67.4 percent of Minnesotans had private health insurance, compared to 72.2 percent in 1999. Despite recent declines, private health insurance remains the primary source of health insurance for most Minnesotans.

Figure 1

Distribution of Minnesota Population, by Primary Source of Insurance Coverage
(Minnesota Population in 2007: 5.2 Million)



Source: MDH Health Economics Program

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Table 1
Minnesota Population by Primary Source of Insurance Coverage

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Private										
Fully Insured	36.6%	35.4%	32.8%	32.4%	31.2%	28.0%	27.3%	27.4%	27.2%	26.8%
Self-Insured	34.9%	36.7%	39.0%	38.6%	38.2%	40.1%	39.9%	39.9%	40.2%	40.6%
Total Private	71.5%	72.2%	71.8%	70.9%	69.4%	68.0%	67.2%	67.3%	67.4%	67.4%
Public										
Medicare	13.4%	13.3%	13.3%	13.3%	13.3%	13.4%	13.5%	13.5%	13.8%	14.0%
Medical Assistance	6.3%	6.0%	6.0%	6.2%	6.7%	7.2%	7.5%	7.7%	7.9%	8.0%
MinnesotaCare	2.1%	2.2%	2.3%	2.6%	2.9%	3.0%	2.9%	2.6%	2.4%	2.2%
GAMC	0.6%	0.5%	0.5%	0.5%	0.7%	0.7%	0.7%	0.7%	0.7%	0.6%
MCHA	0.4%	0.4%	0.4%	0.5%	0.5%	0.6%	0.6%	0.6%	0.5%	0.5%
Total Public	22.8%	22.4%	22.5%	23.0%	24.0%	24.8%	25.1%	25.2%	25.3%	25.4%
Uninsured*	5.6%	5.4%	5.7%	6.1%	6.6%	7.2%	7.7%	7.5%	7.4%	7.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Private										
Fully Insured	1,761,660	1,725,714	1,619,831	1,611,824	1,565,355	1,411,470	1,383,921	1,400,621	1,398,812	1,386,403
Self-Insured	1,681,582	1,790,550	1,923,034	1,920,860	1,914,123	2,021,878	2,027,721	2,034,299	2,066,212	2,106,139
Total Private	3,443,243	3,516,264	3,542,866	3,532,684	3,479,478	3,433,348	3,411,642	3,434,920	3,465,024	3,492,542
Public										
Medicare	643,877	648,272	653,947	660,330	667,407	676,156	686,155	690,792	708,081	727,938
Medical Assistance	303,936	292,682	293,646	307,465	334,655	361,909	379,125	393,733	404,362	415,666
MinnesotaCare	101,998	107,555	115,091	129,494	143,977	149,450	144,742	134,936	123,137	115,959
GAMC	28,317	24,476	23,334	26,595	32,964	35,469	35,217	37,356	35,917	30,489
MCHA	21,167	21,064	21,681	22,738	25,912	28,849	29,890	28,487	27,698	27,673
Total Public	1,099,295	1,094,049	1,107,699	1,146,622	1,204,915	1,251,833	1,275,129	1,285,305	1,299,195	1,317,725
Uninsured*	270,875	263,168	283,222	303,033	332,250	361,526	391,242	384,665	378,915	372,093
Total Population	4,813,412	4,873,481	4,933,787	4,982,339	5,016,643	5,046,708	5,078,014	5,104,890	5,143,134	5,182,360

Source: Minnesota Health Access Surveys 1999, 2001, 2004, 2007. Surveys were conducted by the University of Minnesota, School of Public Health, and Minnesota Dept. of Health, Health Economics Program.

*Estimates for the uninsured were interpolated for years in between surveys.

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Minnesotans obtain private coverage through one of two types of health plans, self-insured plans or fully insured plans. Under a self-insured plan, the employer or sponsor assumes the risk of health care claims, while under a fully insured plan premiums are paid by the employer or sponsor to an insurer to cover the risk of health care claims. Self-insured plans are exempt from state regulations and taxes, such as the assessment to cover losses of the Minnesota Comprehensive Health Association (MCHA).²

Following a long period of steady growth in the self-insured market, the share of the population with coverage through a self-insured plan remained largely stable between 2003 and 2007. About 40 percent of Minnesotans have coverage through a self-insured plan (see Figure 2).

Figure 2
Percent of Minnesota Population in Fully and Self-Insured Private Health Insurance Plans

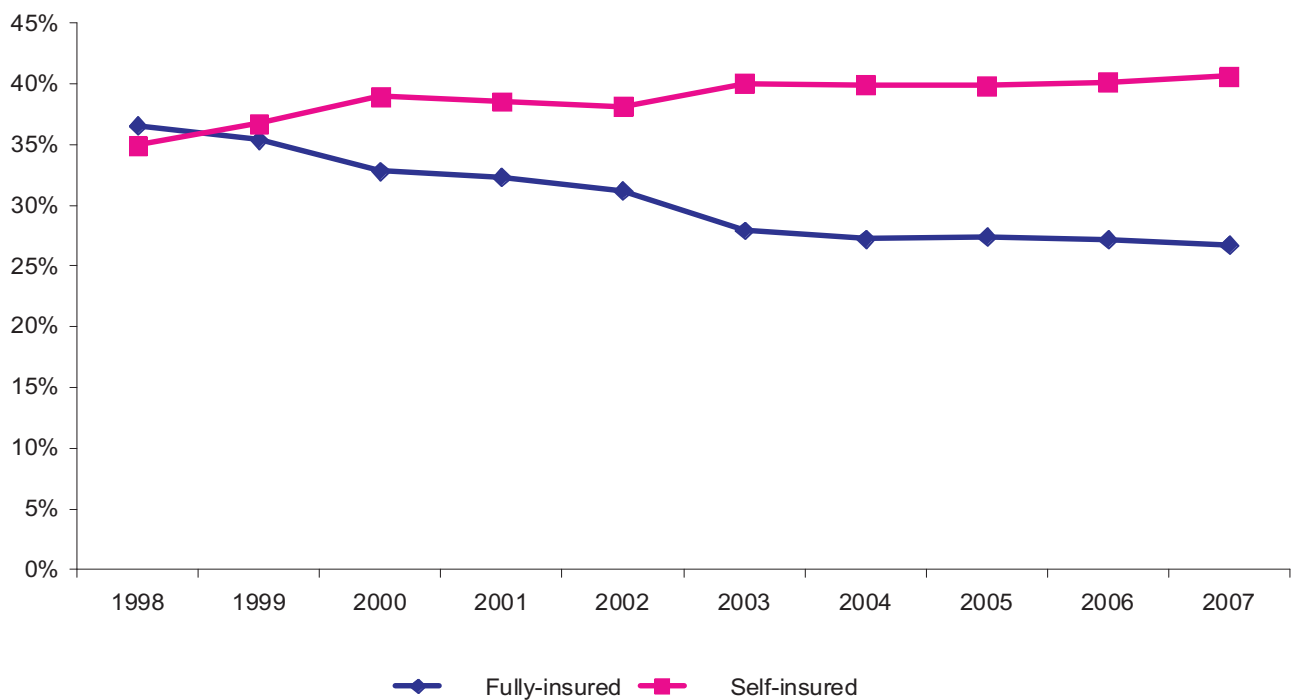
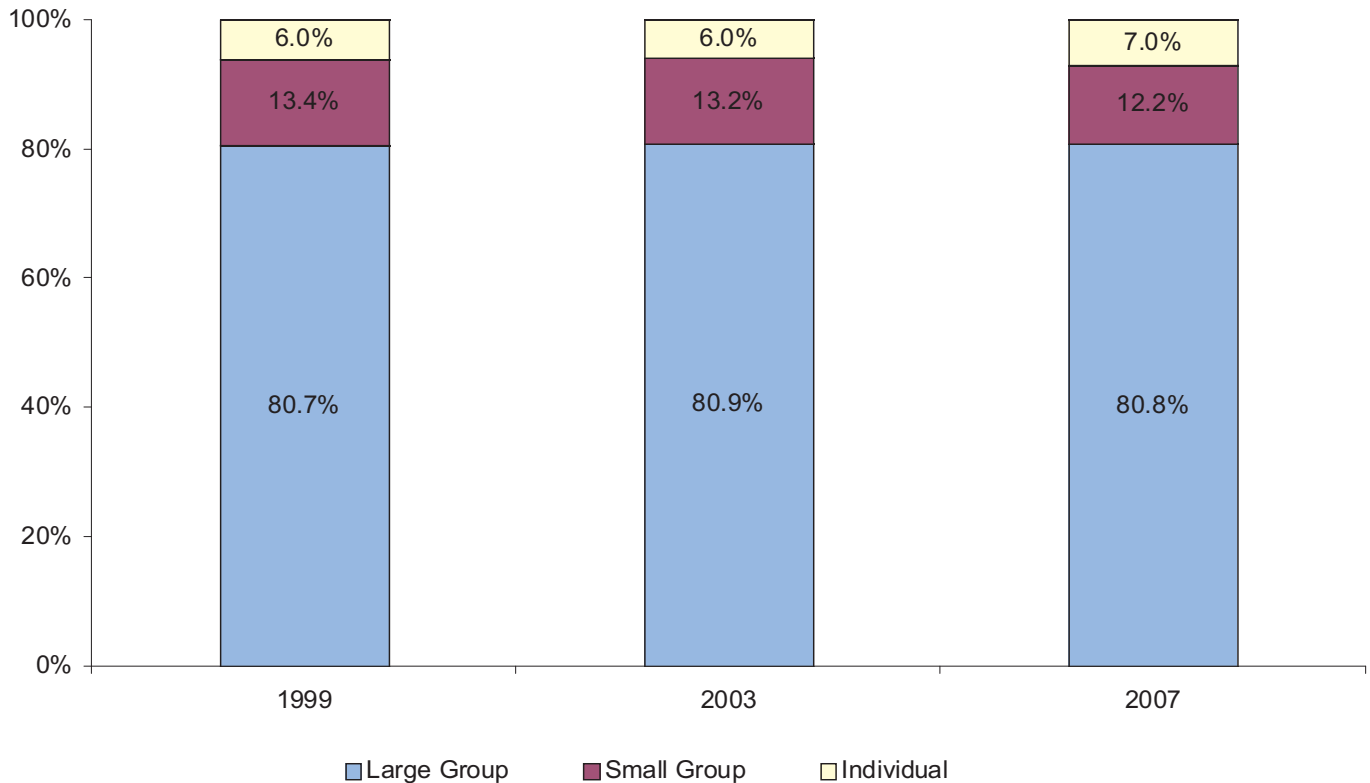


Figure 3 shows how private market coverage in Minnesota is distributed across individual policies and employer groups. The share of enrollment in large group plans in the private market has remained stable at about 80 percent for many years. However, there have been some shifts in enrollment in individual plans and small group plans. The share of the private market that individual policies account for has grown from 6.0 percent in 1999 to 7.0 percent in 2007, while the share of private market enrollment in small group plans declined from 13.4 percent to 12.2 percent.

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Figure 3

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



Public Insurance

About one in four Minnesotans had health insurance through a public program in 2007 (see Table 1). Of these, more than half (55 percent) were enrolled in Medicare, the federal health insurance program for the elderly and people with certain disabilities. As a percent of the total Minnesota population, Medicare beneficiaries accounted for 14.0 percent in 2007. This is only 0.6 percentage points higher than in 1998, but represents an increase of more than 84,000 Medicare beneficiaries.

In absolute terms, combined enrollment for Medical Assistance, MinnesotaCare and General Assistance Medical Care (GAMC), the three public programs that primarily serve low-income Minnesotans, rose steadily from 2000 to 2005 before declining in both 2006 and 2007. However, enrollment trends across individual programs have not been uniform. Medical Assistance, the largest among the three state health insurance programs, grew at an average annual rate of over 5 percent between 2000 and 2007. As a percent of the population, Medical Assistance coverage increased to 8 percent in 2007 (not including enrollees for whom it is a secondary source of coverage).

In contrast, enrollment in MinnesotaCare increased rapidly until 2003 and then declined by more than 33,000 members between 2003 and 2007. MinnesotaCare enrollment accounted for 2.2 percent of Minnesota's population in 2007.

Uninsured

An estimated 7.2 percent of Minnesotans, or 372,000, did not have insurance coverage in 2007. The uninsurance rate in Minnesota was statistically stable between 2004 and 2007, after increasing between 1999 and 2004.

Endnotes

¹These estimates are periodically revised as new data becomes available or previously published data is amended. In addition, the estimates differ slightly from those derived from population surveys because for this analysis we use a combination of survey and administrative data and make adjustments for multiple sources of coverage.

²Self-funded plans are most commonly offered by large employers. This is because these employers have a large enough base of enrollees that they can reasonably manage and spread the risk of having a few enrollees with very high medical claims.

³As measured by telephone surveys in 1999, 2001, 2004 and 2007. Estimates for years in between surveys were interpolated.

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/health/economics>.

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