

Distribution of Health Insurance Coverage in Minnesota, 2006

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 2006 and analyzes some of the recent trends.¹

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 uninsurance rate (see Table 1). From 2004 to 2006, the distribution of health coverage was largely unchanged (see Figure 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 2006, 67.5 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.

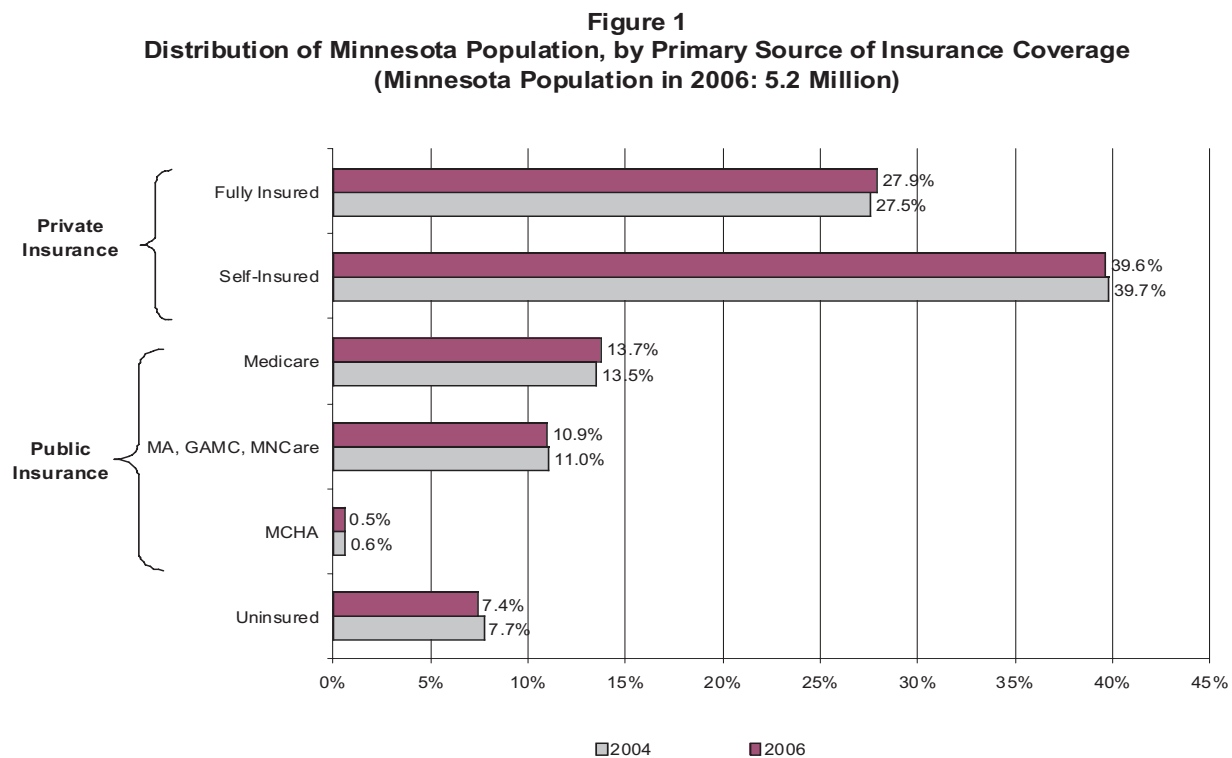


Table 1
Minnesota Population By Primary Source of Insurance Coverage

	1998	1999	2000	2001	2002	2003	2004	2005	2006
Private									
Fully Insured	36.6%	35.4%	32.8%	32.3%	31.4%	28.4%	27.5%	27.9%	27.9%
Self-Insured	34.9%	36.8%	39.0%	38.6%	38.0%	39.6%	39.7%	39.4%	39.6%
Total Private	71.5%	72.2%	71.8%	70.9%	69.4%	68.1%	67.2%	67.3%	67.5%
Public									
Medicare	13.4%	13.3%	13.3%	13.2%	13.3%	13.4%	13.5%	13.5%	13.7%
Medical Assistance	6.3%	6.0%	6.0%	6.2%	6.7%	7.2%	7.5%	7.7%	7.8%
GAMC	0.6%	0.5%	0.5%	0.5%	0.7%	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%	2.4%
MCHA	0.4%	0.4%	0.4%	0.5%	0.5%	0.6%	0.6%	0.6%	0.5%
Total Public	22.8%	22.4%	22.4%	23.0%	24.0%	24.8%	25.1%	25.1%	25.2%
Uninsured*	5.6%	5.4%	5.7%	6.1%	6.6%	7.2%	7.7%	7.5%	7.4%
Total	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
Private									
Fully Insured	1,761,660	1,725,714	1,619,831	1,611,824	1,577,464	1,436,544	1,398,864	1,426,658	1,437,546
Self-Insured	1,681,968	1,791,727	1,924,317	1,922,621	1,905,995	2,003,071	2,020,855	2,017,192	2,040,029
Total Private	3,443,628	3,517,440	3,544,148	3,534,445	3,483,459	3,439,615	3,419,718	3,443,850	3,477,574
Public									
Medicare	643,877	648,272	653,947	660,330	667,407	676,156	686,155	690,792	708,081
Medical Assistance	303,936	292,682	293,646	307,465	334,655	361,909	379,125	393,733	403,402
GAMC	27,931	23,300	22,546	26,595	32,964	35,469	35,217	37,357	35,766
MinnesotaCare	101,998	107,555	115,091	129,494	143,977	149,450	144,742	134,939	123,150
MCHA	21,167	21,063	21,585	22,738	25,912	28,372	29,426	28,487	27,698
Total Public	1,098,909	1,092,873	1,106,815	1,146,622	1,204,915	1,251,356	1,274,665	1,285,309	1,298,096
Uninsured*	270,875	263,168	283,222	303,033	332,250	361,526	391,242	384,665	378,915
Total Population	4,813,412	4,873,481	4,934,185	4,984,100	5,020,624	5,052,497	5,085,626	5,113,824	5,154,586

*Source: Minnesota Health Access Surveys 1995, 1999, 2001, 2004, 2007. Surveys were conducted by the University of Minnesota, School of Public Health, and the Minnesota Department of Health, Health Economics Program.

Note: Estimates for the uninsured were interpolated for years in between surveys.

Minnesotans obtain private coverage through one of two types of health plans, self-insured plans and 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 stable between 2003 and 2006. 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

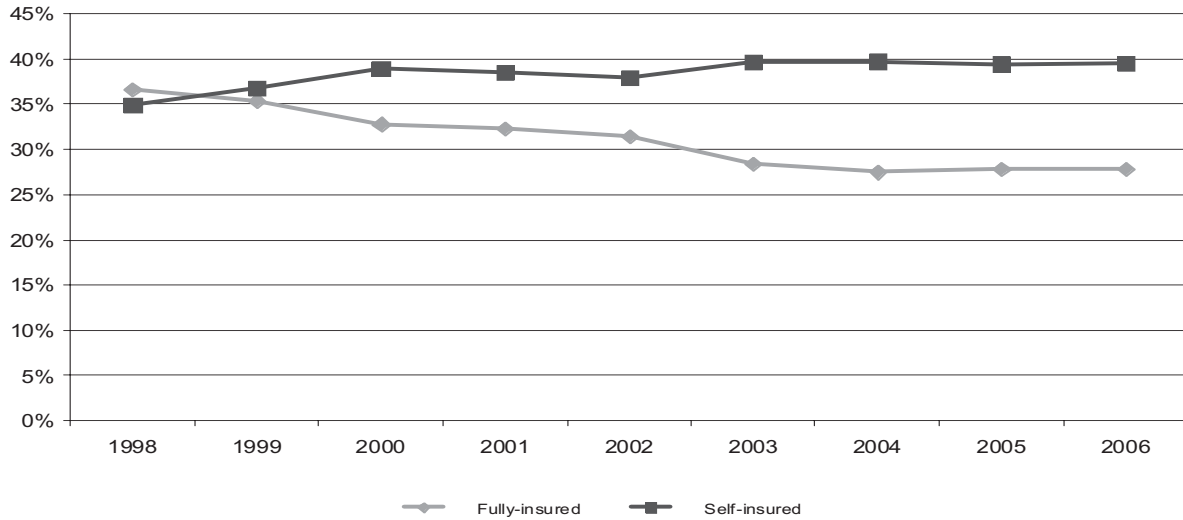
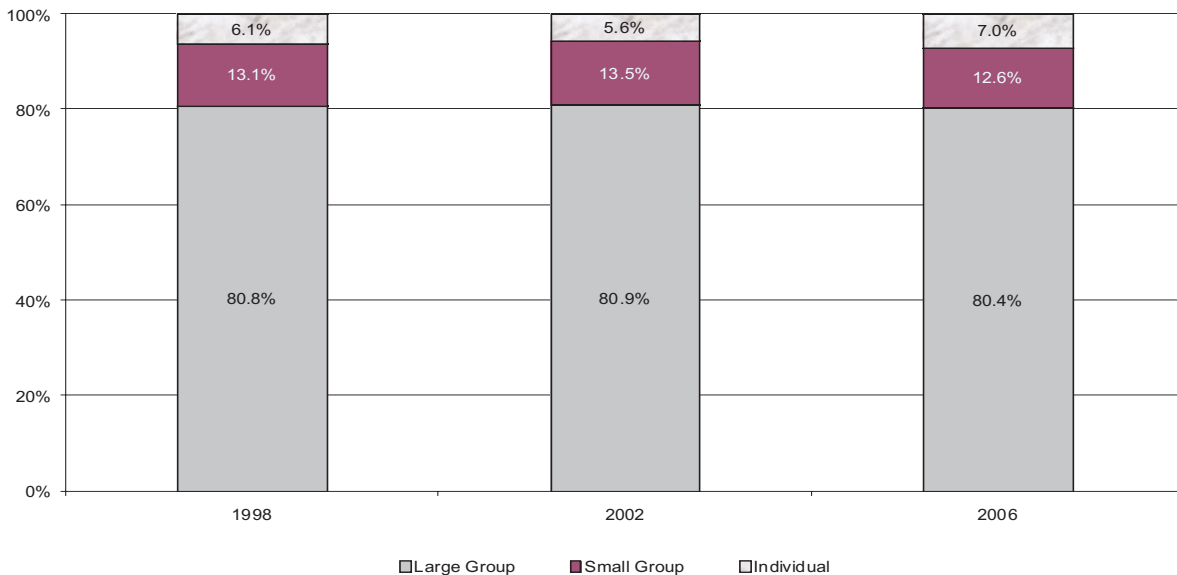


Figure 3 shows how private market coverage in Minnesota is distributed across individual policies and employer groups. A large majority (about 80 percent) of enrollment in the private market is in large group plans. Small group plans and individual plans account for 12.5 percent and 7.1 percent, respectively. This distribution has been very stable over time.

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 2006 (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 13.7 percent in 2006. This is only 0.3 percentage points higher than in 1998, but represents an increase of almost 65,000 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, has been rising steadily since 2000. However, enrollment trends across programs have not been uniform. Medical Assistance, the largest among the three state health insurance programs, grew at an average annual rate of nearly 6 percent between 2000 and 2006. As a percent of the population, Medical Assistance coverage increased to about 7.8 percent in 2006.

In contrast, enrollment in MinnesotaCare increased rapidly until 2003 and then declined by more than 26,000 members between 2003 and 2006. MinnesotaCare enrollment accounted for 2.4 percent of Minnesota's population in 2006.

Enrollment in Minnesota's high risk pool, the Minnesota Comprehensive Health Association (MCHA), and GAMC each account for less than 1 percent of the population (0.5 percent and 0.7 percent, respectively, for 2006).

Uninsured

An estimated 7.4 percent of Minnesotans, or 380,000, did not have insurance coverage in 2006. Uninsurance in Minnesota has been stable since 2004, after increasing between 2001 and 2004.³

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 survey-based instruments because for this issue brief 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 2001, 2004 and 2007. Estimates for other years have been 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/healthconomics>.

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