

Distribution of Health Insurance Coverage in Minnesota, 2008

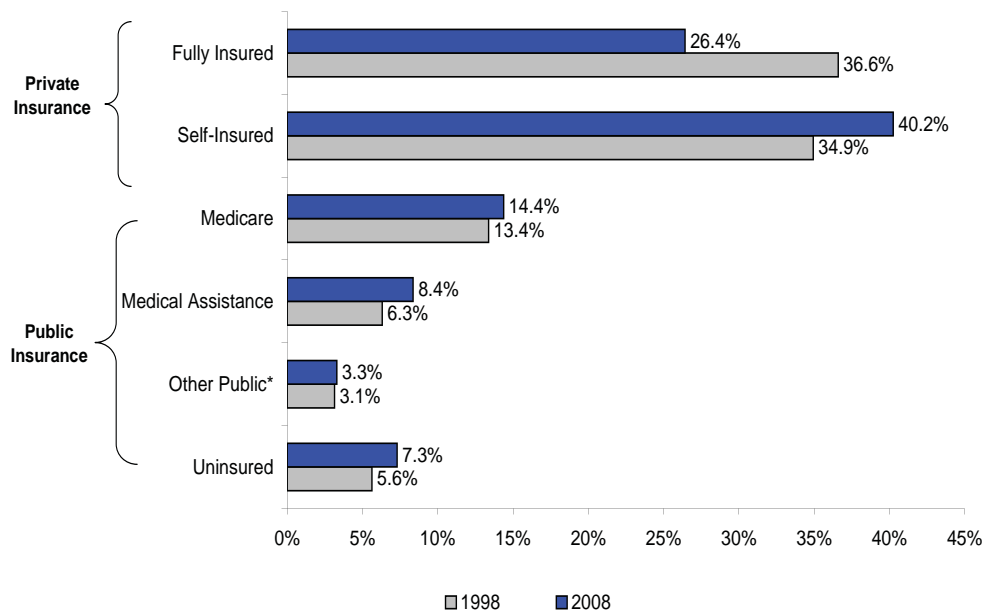
The Health Economics Program of the Minnesota Department of Health monitors the Minnesota health care market and develops annual estimates of the distribution of health insurance coverage among Minnesotans. This issue brief describes the distribution of coverage for 2008 and analyzes some of the recent trends.¹

Annual changes in Minnesota's distribution of health insurance coverage have been fairly gradual, generally exhibiting very modest declines in the share of the population with private coverage and slight increases in public coverage and the uninsurance rate (see Table 1). When analyzed over a longer time period, changes in the distribution of health insurance coverage appear more pronounced and systematic. Since 1998, there have been some key changes in the distribution of health insurance coverage:

- The share of Minnesotans with private insurance coverage has declined by almost five percentage points (from 71.5 percent in 1998 to 66.7 percent in 2008);
- The share of the state's population covered by public programs, including Medicare and Medicaid, has increased to over one-fourth of the population (22.8 percent in 1998 compared to 26.0 percent in 2008); and
- The percent of the population without health insurance coverage has increased over time (5.6 percent in 1998 compared to 7.3 percent in 2008).

Figure 1

Distribution of Minnesota Population by Primary Source of Insurance Coverage 1998 and 2008



Source: MDH, Health Economics Program

*Other Public includes enrollment in MinnesotaCare, General Assistance Medical Care (GAMC), and the Minnesota Comprehensive Health Association (MCHA)

Distribution of Health Insurance Coverage in Minnesota, 2008

Table 1

Minnesota Population By Primary Source of Insurance Coverage

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Private											
Fully Insured	36.6%	34.5%	31.9%	31.2%	29.9%	27.9%	27.2%	27.4%	27.2%	26.7%	26.4%
Self-Insured	34.9%	37.7%	39.9%	39.7%	39.4%	40.1%	40.0%	39.9%	40.2%	40.7%	40.2%
Total Private	71.5%	72.2%	71.8%	70.9%	69.4%	68.0%	67.2%	67.3%	67.4%	67.4%	66.7%
Public											
Medicare	13.4%	13.3%	13.3%	13.3%	13.3%	13.4%	13.5%	13.5%	13.8%	14.0%	14.4%
Medical Assistance	6.3%	6.0%	6.0%	6.2%	6.7%	7.2%	7.5%	7.7%	7.9%	8.0%	8.4%
MinnesotaCare	2.1%	2.2%	2.3%	2.6%	2.9%	3.0%	2.8%	2.6%	2.4%	2.2%	2.2%
GAMC	0.6%	0.5%	0.5%	0.5%	0.7%	0.7%	0.7%	0.7%	0.7%	0.6%	0.6%
MCHA	0.4%	0.4%	0.4%	0.5%	0.5%	0.6%	0.6%	0.6%	0.5%	0.5%	0.5%
Total Public	22.8%	22.4%	22.5%	23.0%	24.0%	24.8%	25.1%	25.2%	25.2%	25.4%	26.0%
Uninsured*	5.6%	5.4%	5.7%	6.1%	6.6%	7.2%	7.7%	7.5%	7.4%	7.2%	7.3%
Total	100.0%	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	2008
Private											
Fully Insured	1,761,660	1,680,467	1,575,117	1,553,731	1,501,801	1,409,573	1,381,996	1,400,032	1,401,021	1,385,462	1,382,241
Self-Insured	1,681,582	1,835,797	1,967,932	1,979,505	1,978,702	2,025,261	2,031,459	2,037,104	2,069,501	2,114,615	2,104,881
Total Private	3,443,242	3,516,264	3,543,050	3,533,236	3,480,503	3,434,834	3,413,456	3,437,137	3,470,523	3,500,077	3,487,122
Public											
Medicare	643,877	648,272	653,947	660,330	667,407	676,156	686,155	690,792	708,081	727,938	752,094
Medical Assistance	303,936	292,682	293,646	307,465	334,655	361,909	379,125	393,733	404,534	416,003	437,383
MinnesotaCare	101,999	107,555	115,091	129,494	143,977	149,450	144,743	134,936	123,137	115,959	115,798
GAMC	28,317	24,476	23,334	26,595	32,964	35,469	35,217	37,356	35,916	30,828	29,900
MCHA	21,167	21,064	21,681	22,738	25,912	28,849	29,890	28,487	27,698	27,673	26,438
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	1,299,367	1,318,401	1,361,613
Uninsured*	270,875	263,168	283,209	302,955	332,040	361,195	390,759	384,119	378,457	372,729	381,831
Total Population	4,813,412	4,873,481	4,933,958	4,982,813	5,017,458	5,047,862	5,079,344	5,106,560	5,148,346	5,191,206	5,230,567

Source: Minnesota Health Access Surveys 1999, 2001, 2004, 2007, 2009. Surveys were conducted in partnership between the Minnesota Department of Health and the University of Minnesota School of Public Health.

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

Private Insurance

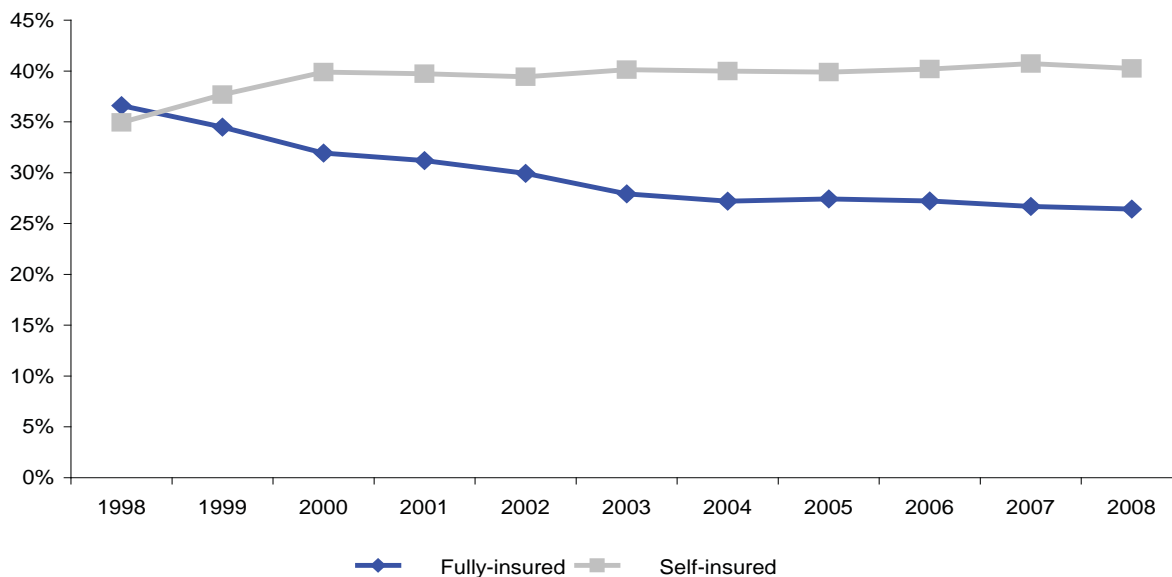
Private health insurance remains the primary source of health insurance coverage for most Minnesotans. In 2008, two-thirds of Minnesotans had coverage through private sources (see Figure 1). However, the percentage of Minnesotans with private coverage has been declining over time. Since 1999, when the share of Minnesotans with private coverage was at a ten-year high of 72.2 percent, private coverage as a percent of the total population has continuously declined.² The slow erosion of employer coverage over this period has driven this trend in private coverage.³

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).⁴

The share of the population with coverage through a self-insured plan has remained around 40 percent for the last eight years (see Figure 2), after having grown from 30 percent to 40 percent between 1993 and 2000. Thus, the decline in private coverage since 1999 has resulted primarily from decreased enrollment in fully-insured plans.

Figure 2

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

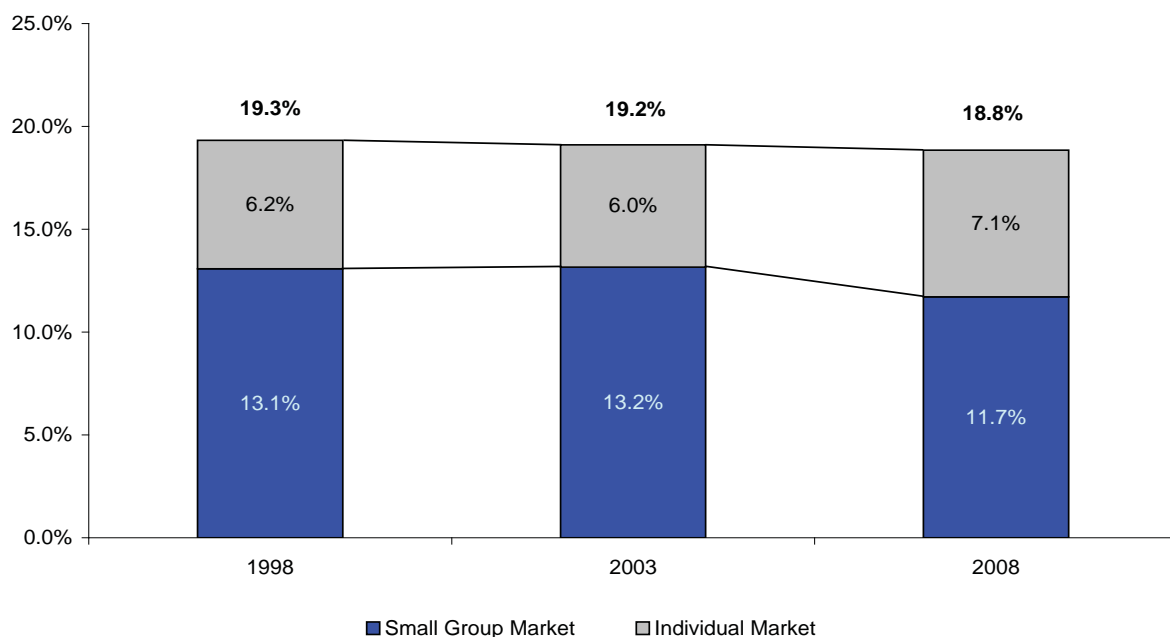


Source: MDH, Health Economics Program

The composition of Minnesota's private market by group size has changed slightly over the last ten years. The share of the private market accounted for by large groups⁵ has remained relatively stable (at approximately 81 percent) of private market coverage, while the share of individual coverage increased, and small group⁶ private market coverage decreased (see Figure 3). The decline in small group enrollment and coverage through fully-insured plans is consistent with national trends that are partially explained by a declining percentage of employees in the small group market who work for a firm that offers health insurance coverage.⁷

Figure 3

Enrollment in Small Group and Individual Health Plans as a Share of the Total Private Market in Minnesota



Source: MDH, Health Economics Program

Public Insurance

Over one in four Minnesotans, or 26 percent, had health insurance through a public program in 2008 (see Table 1). Of these, more than half (55.2 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 14.4 percent in 2008, up from 13.4 percent in 1998. Although this change represents an increase of over 108,000 Medicare beneficiaries, it reflects population growth for this period among the elderly that is only marginally higher than for the general population.

Minnesota has three public programs that serve lower income residents: Medical Assistance, MinnesotaCare and General Assistance Medical Care (GAMC).⁸ Combined enrollment in these health care programs reached its highest level in 2008; although, 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 nearly 4 percent between 1998 and 2008. For comparison, the average annual growth in the population under age 65 from 1998 to 2008 was 1 percent. However, between 2007 and 2008 alone, enrollment in Medical Assistance increased by over 21,000 enrollees, or 5.1 percent. As a percent of the population, Medical Assistance coverage increased to 8.4 percent in 2008, up from 6.3 percent in 1998. The beginning of the economic downturn in Minnesota and the nation overall likely contributed to the recent increase in the share of the population eligible for Medical Assistance.

In comparison, enrollment in MinnesotaCare increased by an average annual rate of 3.6 percent between 1998 and 2003 and then declined by more than 33,000⁹ members through 2008 at an average of minus 1.7 percent per year. MinnesotaCare enrollment accounted for 2.2 percent of Minnesota's population in 2008, largely unchanged relative to 1998.

Enrollment in GAMC grew by over 25 percent from 1998 through 2003 before declining by over 7,000 members between 2005 and 2008. Enrollment in GAMC and Minnesota's high risk pool, the Minnesota Comprehensive Health Association (MCHA), each accounted for less than one percent of the population (0.6 percent and 0.5 percent, respectively) in 2008.

Uninsured

An estimated 7.3 percent of Minnesotans, or almost 382,000 residents, did not have insurance coverage in 2008. The uninsurance rate in Minnesota increased slightly in 2008 after declining in recent years since its peak level of 7.7 percent in 2004.¹⁰ The uninsurance rate was at its lowest at the beginning of the ten year period studied in this issue brief.

Endnotes

¹ These 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.

² The period of 2005 to 2007, when the share of the population with private coverage stayed mostly unchanged, is the exception to this trend.

³ MDH, Health Economics Program, "Health Insurance Coverage in Minnesota, Early Results from the 2009 Minnesota Health Access Survey," February 2010.

⁴ Self-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.

⁵ This includes employer groups with 51 or more employees, independently of whether they are fully insured or self-insured.

⁶ The small group market is defined as employer groups with 2 to 50 employees.

⁷ The percent of private sector employees in the small group market that worked for firms that offered coverage declined US-wide from 64.7 percent in 1998 to 61.6 percent in 2008. (MDH analysis of the Medical Expenditure Panel Survey - Insurance component)

⁸ Medical Assistance is Minnesota's Medicaid program, financed jointly by the state & federal government. It provides health insurance to low income senior citizens, children and families, and people with disabilities. MinnesotaCare is a sliding-fee health insurance program, financed by state funds, federal funds, and enrollee premiums. It provides coverage for low-income Minnesotans who are not offered insurance through their employer. GAMC is a state health insurance program for low-income adults, ages 21 to 64, who have no dependent children under age 18 and who do not qualify for federal health care programs.

⁹ Early Indications suggest that MinnesotaCare enrollment has increased in recent years.

¹⁰ As measured by telephone surveys in 2001, 2004, 2007 and 2009. Estimates were interpolated for years in between surveys. More recent health insurance coverage information, published by MDH in February, 2010, shows that the percent of Minnesotans without health insurance coverage increased to 9.1 percent in 2009. (see footnote 3)

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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