Minnesota’s Small Group Market
General Overview

Minnesota Health Insurance Exchange
Small Employer Work Group
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Overview

- Coverage distribution in Minnesota
- Statistics on employer-based coverage, comparing small and large firms
- Trends in health plan benefits in the small group market
- Health plan market shares and loss ratios
Size of Small Group Market in Minnesota
Distribution of Minnesota Population by Primary Source of Insurance Coverage, 2011

Total Population 5.3 Million

- Large Group, 49.6%
- Uninsured, 9.1%
- MA & MNCare, 13.4%
- Medicare, 15.8%
- MCHA, 0.5%
- Small Group, 6.8%
- Individual, 4.7%

Source: MDH Health Economics Program analysis of various sources. MCHA is the Minnesota Comprehensive Health Association. MA is Medical Assistance and MNCare is MinnesotaCare. Small Group and MCHA coverage are assumed to be similar to 2010.
Enrollment in Small Group and Individual Health Plans as a Share of the Minnesota Population

Fully Insured market only.
Source: MDH, Health Economics Program; estimates based on data from various sources.
Characteristics of Small Firms in Minnesota
Trend in the Number of Minnesota Establishments, by Firm Size, 2000 to 2010

Source: Minnesota Department of Employment and Economic Development, Quarterly Census of Employee and Wages
Percent of Minnesota Employers Offering Health Insurance Coverage, by Firm Size (2009/10)

<table>
<thead>
<tr>
<th>Number of Employees in Firm</th>
<th>1 to 49</th>
<th>50 to 99</th>
<th>100+</th>
<th>All Firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent</td>
<td>38.5%^</td>
<td>73.7%</td>
<td>97.2%^</td>
<td>51.6%</td>
</tr>
</tbody>
</table>

Source: MDH analysis of data for private employers from the Medical Expenditure Panel Survey/Insurance Component (years are pooled to improve the statistical validity of the estimates).

^Indicates a statistically significant difference to estimate for “All Firms” within time period.
Trend in the Number of Minnesota Employees, by Firm Size, 2000 to 2010

Source: Minnesota Department of Employment and Economic Development, Quarterly Census of Employee and Wages
Percent of Employees in Minnesota Establishments Offering Health Insurance Coverage, by Firm Size (2009/10)

Source: MDH analysis of data for private employers from the Medical Expenditure Panel Survey/Insurance Component (years are pooled to improve the statistical validity of the estimates).

^Indicates a statistically significant difference to estimate for “All Firms” within time period.
Percent of Employees Eligible for Health Insurance in Firms Offering Coverage, by Firm Size (2009/10)

Source: MDH analysis of data for private employers from the Medical Expenditure Panel Survey/Insurance Component (years are pooled to improve the statistical validity of the estimates).

None of the firm sizes were statistically significant difference to estimate for “All Firms” within time period.
Percent of Eligible Employees Who Enroll in Coverage (Take-up Rate), by Firm Size (2009/10)

Source: MDH analysis of data for private employers from the Medical Expenditure Panel Survey/Insurance Component (years are pooled to improve the statistical validity of the estimates).

None of the firm sizes were statistically significant difference to estimate for “All Firms” within time period.
Small Group Market Health Plan Design Trends
Annual Premium Increases in Minnesota’s Small Group Market, 2000 to 2010

Percent Change in Premium Per Member

Source: MDH, Health Economics Program; estimates based on data from various sources.
### Per Person Annual Deductibles in the Small Group Market, 2002, 2005 & 2009

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2005</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Median:</strong></td>
<td>$500</td>
<td>$500</td>
<td>$1,500</td>
</tr>
<tr>
<td><strong>Range:</strong></td>
<td>$100 to $2,500</td>
<td>$100 to $5,000</td>
<td>$250 to $10,000</td>
</tr>
<tr>
<td>No Deductible</td>
<td>65.6%</td>
<td>52.1%</td>
<td>18.6%</td>
</tr>
<tr>
<td>Less than $500</td>
<td>16.1%</td>
<td>16.5%</td>
<td>6.1%</td>
</tr>
<tr>
<td>$500 to $999</td>
<td>11.9%</td>
<td>16.9%</td>
<td>14.3%</td>
</tr>
<tr>
<td>$1,000 to $1,999</td>
<td>6.2%</td>
<td>10.3%</td>
<td>25.1%</td>
</tr>
<tr>
<td>$2,000 or More</td>
<td>0.2%</td>
<td>4.2%</td>
<td>36.0%</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Source: MDH, Health Economics Program
Median calculation excludes enrollees with no deductible
Small Group Market Enrollment in High Deductible Health Plans with Savings Option, 2005, 2008 & 2009

Qualified High Deductible Health Plan enrollment must meet the minimum deductible guidelines for the calendar year, as determined by the Internal Revenue Service (for 2009 the minimum deductible was $1,150), and be paired with (or have the option to pair with) a Health Savings Account.

Source: MDH, Health Economics Program
Distribution of Per Person Deductibles in the Small Group Market, 2002, 2005 & 2009

Source: MDH, Health Economics Program
Deductible levels are per person. Distribution of deductibles only includes enrollment in plans with a deductible.
Limits on lifetime benefits define the maximum amount an insurance policy will pay over the life of a policy holder.

Source: MDH, Health Economics Program
### Health Plan Design with Highest Enrollment, 2009

<table>
<thead>
<tr>
<th>Provider Network Type</th>
<th>PPO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premium Cost Per Member Per Month</td>
<td>$438</td>
</tr>
<tr>
<td>Tiered Network</td>
<td>No</td>
</tr>
</tbody>
</table>

**Cost Sharing Requirements:**

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual Deductible</td>
<td>$0</td>
</tr>
<tr>
<td>Family Deductible</td>
<td>$0</td>
</tr>
<tr>
<td>First Dollar Coverage for Prevention Services</td>
<td>Yes</td>
</tr>
<tr>
<td>Individual Out-of-Pocket Maximum</td>
<td>$1,500</td>
</tr>
<tr>
<td>Family Out-of-Pocket Maximum</td>
<td>$1,500</td>
</tr>
<tr>
<td>Primary Care Office Visit Co-pay</td>
<td>$25</td>
</tr>
<tr>
<td>Emergency Department Co-pay</td>
<td>$75</td>
</tr>
<tr>
<td>Lifetime Maximum</td>
<td>$5 Million</td>
</tr>
<tr>
<td>Generic Drug Co-pay</td>
<td>$5</td>
</tr>
<tr>
<td>Prescription Drug Out-of-Pocket Maximum</td>
<td>$150</td>
</tr>
</tbody>
</table>

Source: MDH, Health Economics Program
Market Shares in the Small Group Insurance Market
Health Plan Market Shares: Small Group Market, 2010

Note: Companies with common ownership were treated as one entity. For example, Blue Cross Blue Shield of MN includes Blue Cross Blue Shield of Minnesota and Blue Plus. Market shares based on premium volume; fully insured market only.
Loss Ratio Experience in the Small Group Market, 2000 to 2010

Note: Companies with common ownership have been combined for purposes of this analysis.
Additional Information from the Health Economics Program Available Online

Health Economics Program Home Page
www.health.state.mn.us/divs/hpsc/hep/index.html

Publications

Health Care Market Statistics (Presentation Slide Decks)
www.health.state.mn.us/divs/hpsc/hep/chartbook/index.html

Interactive Health Insurance Statistics
https://pqc.health.state.mn.us/mnha/Welcome.action
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