
The State of Self-Funding 2024

▶ Begin

Executive Summary

Source: Gary Claxton, Matthew Rae, Gregory Young, and Daniel McDermott, *KFF 2023 Employer Health Benefits Survey*, Kaiser Family Foundation, <https://www.kff.org/health-costs/report/2023-employer-health-benefits-survey/>, accessed on 10/19/23.

Self-Funding is Growing

Many employers choose to self-fund their health plans. That is, they pay for their employees' health care costs directly, rather than buy health insurance. A large percentage of private companies, as well as state governments, agencies, and non-profit organizations self-fund their health plans.

Self-funded employers are financially responsible for the health care claims of their employees. To limit their financial liability, many employers purchase Stop Loss insurance. Stop Loss can offer protection against higher-than-expected usage and high-dollar catastrophic claims.

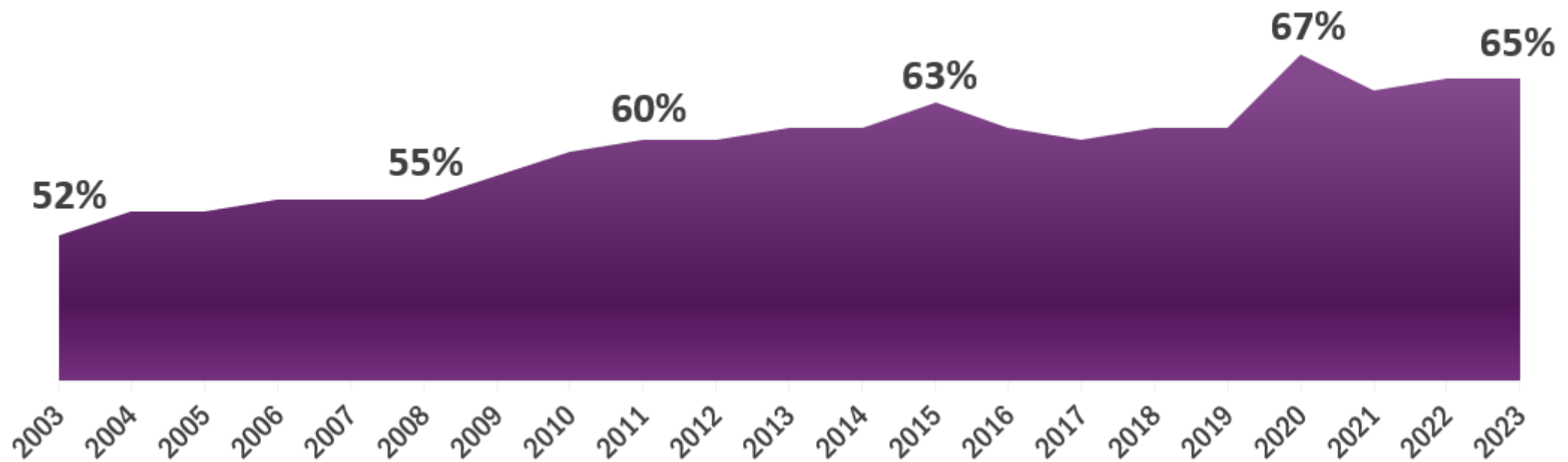
Self-funding can offer many benefits, such as greater control, flexibility, and data transparency. It puts employers in the driver's seat, enabling them to better manage their health care spend.

Let's take a closer look at the current state of self-funding.

Self-Funding Trends

Self-Funded Plan Enrollment Has Increased Over Past 20 Years

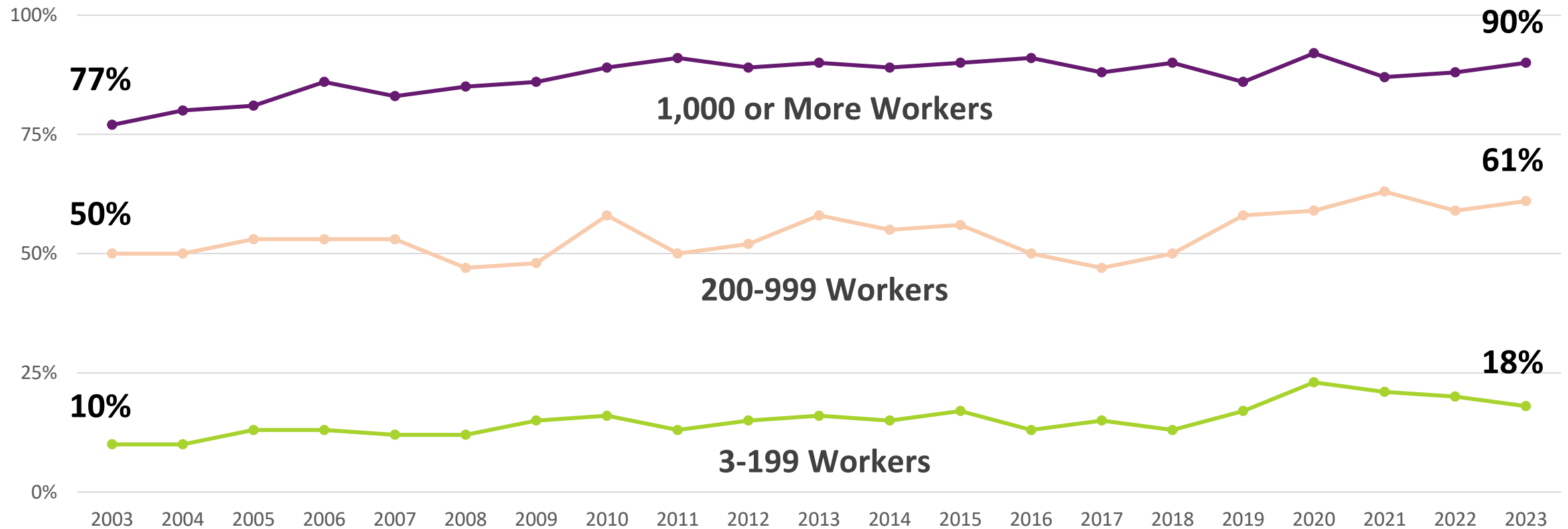
2 out of 3 U.S. workers are
in a self-funded health plan



Percentage of Covered Workers Enrolled in a Self-Funded Plan

Private and Public (Non-Federal) Employers with 3+ Workers

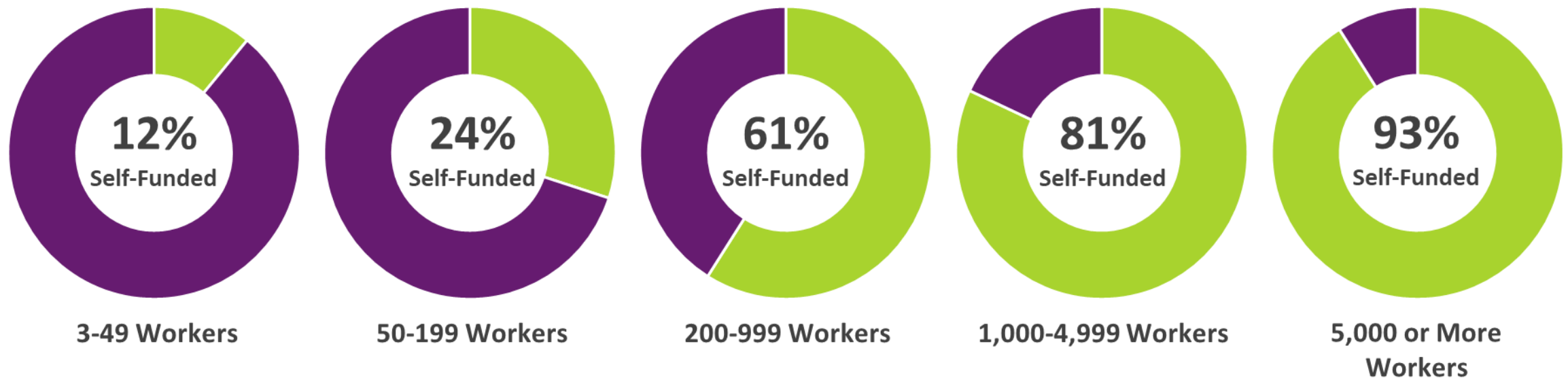
Long-Term Growth Seen Across Firms of All Sizes



Percentage of Covered Workers Enrolled in a Self-Funded Plan
Private and Public (Non-Federal) Employers with 3+ Workers

Source: KFF Employer Health Benefits Survey, 2018-2023; Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2003-2017

Large Firms Are More Likely to Self-Fund than Small Firms

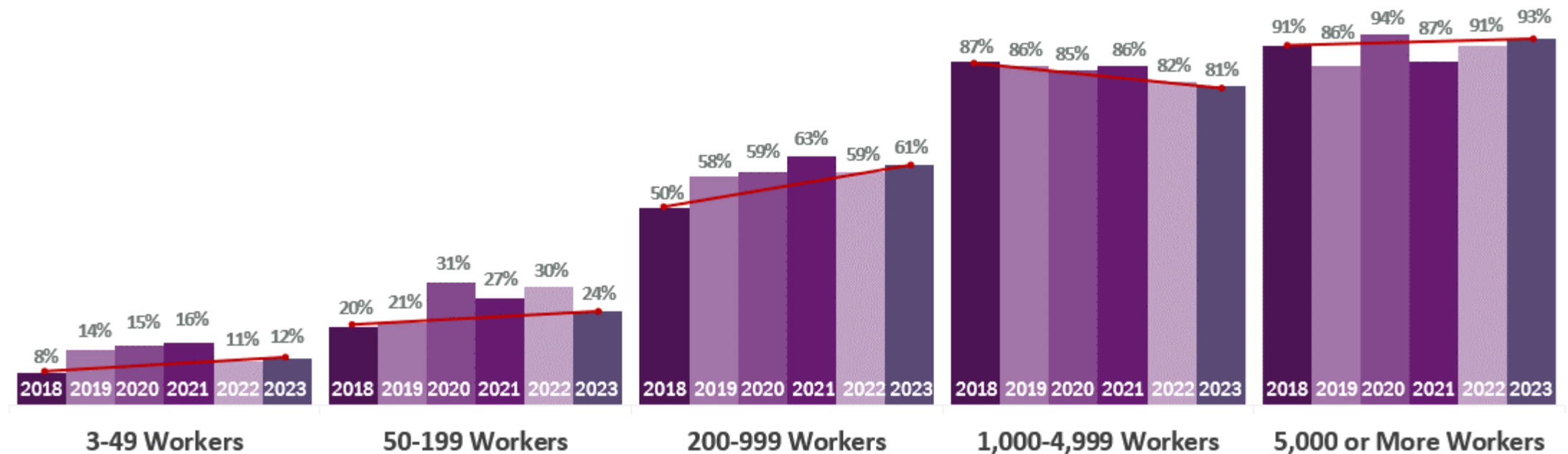


Percentage of Covered Workers Enrolled in a Self-Funded Plan
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The tipping point occurs
between 200-999 workers

Recent Growth Has Been Driven by Small and Midsize Firms

Since 2018, groups with 3-999 workers have driven the increase

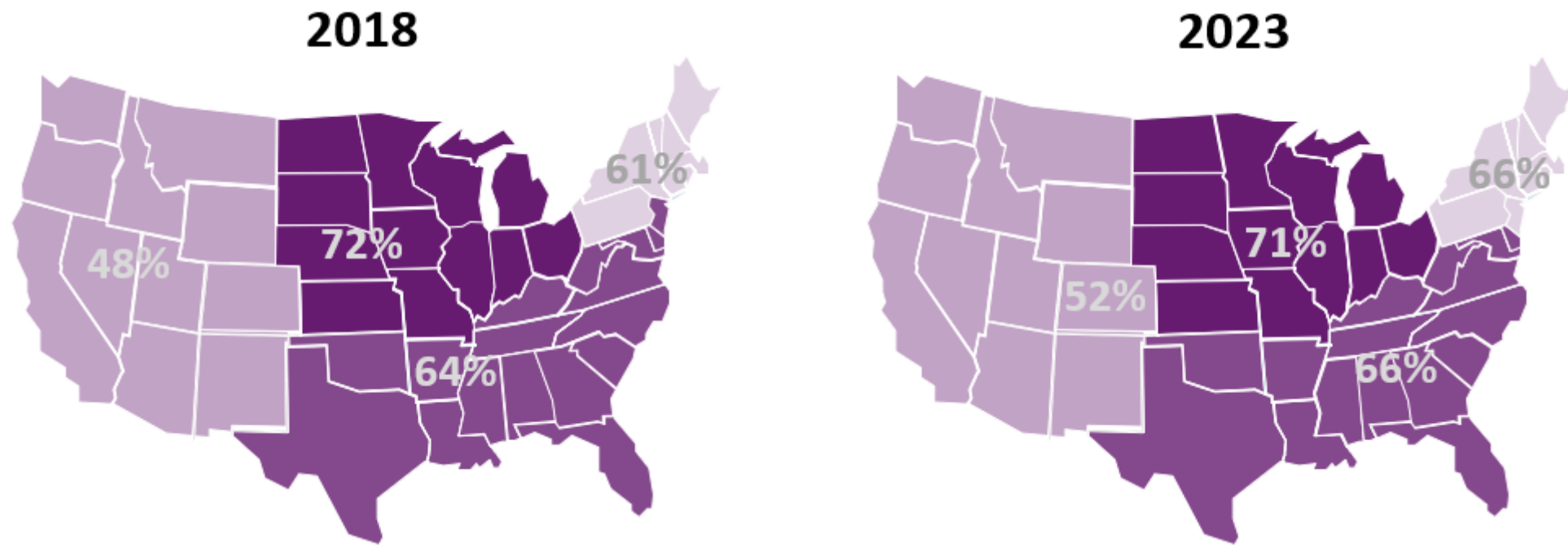


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Self-Funding Analysis

Self-Funding Varies by Region

The Midwest leads the country in self-funding



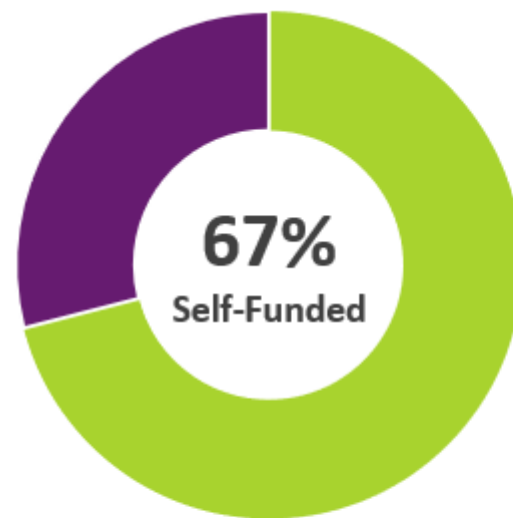
Percentage of Covered Workers Enrolled in a Self-Funded Plan
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Self-Funding Varies by Industry

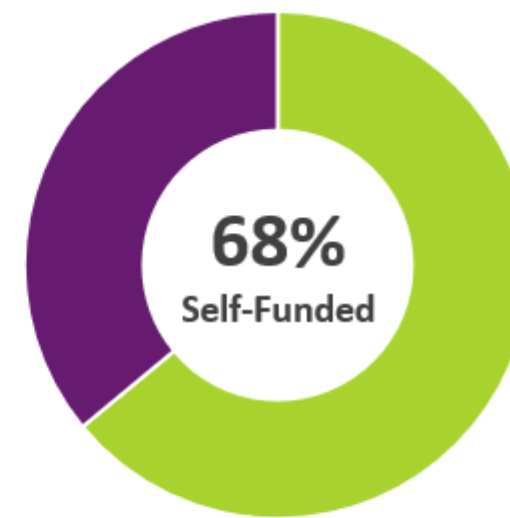


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Self-Funding is Prevalent Across Plan Types



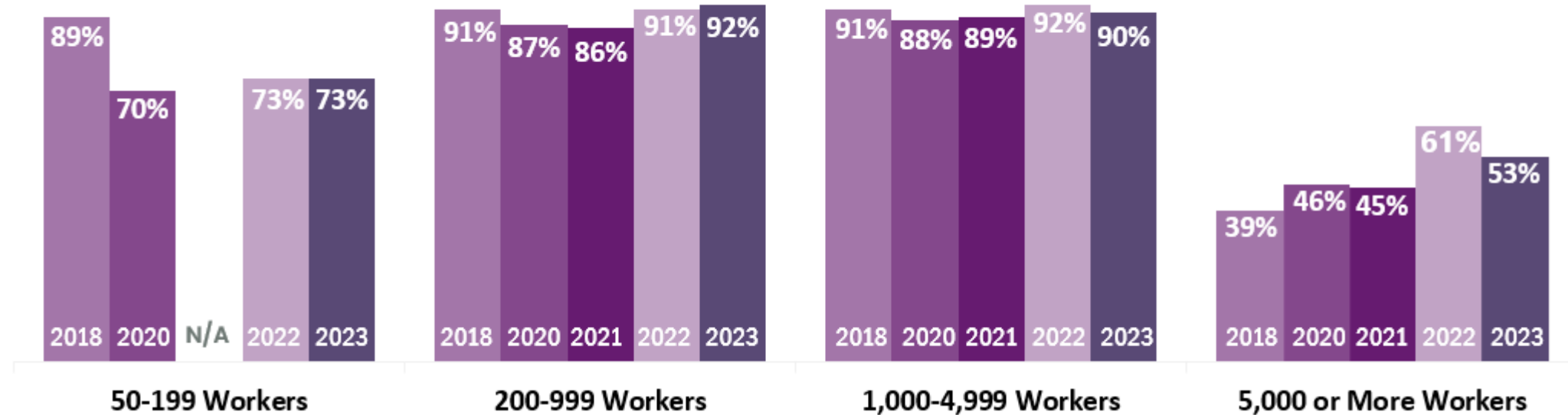
PPO



HDHP
with Savings Option

Percentage of Covered Workers Enrolled in a Self-Funded Plan
Private and Public (Non-Federal) Employers with 3+ Workers

Stop Loss Purchasing Trends Vary by Size



Among Covered Workers Enrolled in a Self-Funded Plan, Percentage Covered by Stop Loss Insurance
Private and Public (Non-Federal) Employers with 3+ Workers, 2019 data and 2021 data for 50-199 workers not available

The majority of jumbo firms do not purchase Stop Loss

Key Findings

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- Two out of every three U.S. workers* are enrolled in a self-funded health plan.
 - This is a historic high, driven in recent years by growth among small and midsize employers.
 - Larger employers are more likely to fund than small employers.
 - The tipping point to switch to self-funding is between 200-999 employees.
 - Self-funding also varies by region, industry, and health plan type.

*At private and public (non-federal) organizations

Want to continue the conversation?

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