

MASSACHUSETTS DIVISION OF INSURANCE
SUMMARY OF 2013 MEMBERSHIP IN EMPLOYMENT-SPONSORED
SELF-FUNDED HEALTH BENEFIT PLANS^{1,2}

Employers Using Other Companies³ to Administer Self-Funded Plans

- In 2014, 40 Third Party Administrators (TPAs) and insurance carriers administered the self-funded health benefit plans of 3,105 Massachusetts employers. Of these, 12 companies only administer limited types of health care benefits, including behavioral health, prescription drug and imaging services.
- Over 3.8 million persons were covered through Massachusetts self-funded plans administered by the 40 TPAs and insurance carriers.
- A total of 835 (26.9%) of the 3,105 Massachusetts employers used insurance carriers or TPAs affiliated with insurance carriers to administer self-funded plans; the other 2,270 (73.1%) of the employers used TPAs not affiliated with any insurance carrier to administer plans.

Claims Processed Under Self-Funded Plans

- In 2014, the TPAs and carriers handled \$13.5 billion in health care claims for persons covered under Massachusetts' self-funded employment-sponsored health plans.
- Insurance carriers and their affiliated TPAs handled \$13.1 billion in health care claims; the TPAs not affiliated with any insurance carrier handled nearly \$416 million in claims.

Fees Charged for Administering Benefits Under Self-Funded Plans

- In 2014, the TPAs and carriers collected \$892.5 million in fees for administering Massachusetts self-funded health plans.
- The TPAs and carriers reported expending \$919.8 million to administer Massachusetts accounts; this indicates that the TPAs and carriers had a net loss of \$27.3 million from the administration of Massachusetts self-funded health plans.

¹ The Massachusetts Division of Insurance is required to collect and report the information included in this report to the Massachusetts Legislature annually according to Section 40 of Chapter 288 of the Acts of 2010, according to the parameters identified in 211 CMR 148.00 and 211 CMR 149.00

² When employers or unions provide employment-based health benefit coverage to employees and elect to finance the costs of covered health services from their own financial resources - rather than purchasing insured health coverage from health insurance carriers - the coverage is referred to as self-funded employment-sponsored health benefit plans. The information about self-funded plans presented in this report is based upon materials submitted by third-party administrators and otherwise licensed insurance carriers for the self-funded health plans they administer on behalf of employers and unions. The reported figures were reviewed for completeness and consistency but were not audited by the Division of Insurance.

³ When employers elect to self-fund their employment-based health benefit plans, they may contract with a Third-Party Administrator or an otherwise licensed insurance carrier to administer the benefits for their covered employees.

Proportion of Self-funded Accounts Covering Massachusetts Mandated Health Benefits

- Of the 30 benefits mandated in Massachusetts, the following 9 were not covered by more than 90% of self-funded plans in 2013:
 - Autism Spectrum Disorder Treatment
 - Cleft Palate and Cleft Lip
 - Clinical Trials to Treat Cancer
 - Early Intervention Services
 - Hearing Aids
 - Hypodermic Syringes or Needles
 - Infertility Treatment
 - Low Protein Food Products for Inherited Amino Acid and Organic Acid Diseases
 - Non-Prescription Enteral Formulas