

MASSACHUSETTS DIVISION OF INSURANCE
SUMMARY OF 2017 MEMBERSHIP IN EMPLOYMENT-SPONSORED
SELF-FUNDED HEALTH BENEFIT PLANS^{1,2}

Employers Using Other Companies³ to Administer Self-Funded Plans

- In 2017, 23 Third Party Administrators (TPAs) and insurance carriers reported administering the hospital/medical benefits within self-funded health benefit plans for 1,076 Massachusetts employers. Eight TPAs reported administering ancillary benefits (for behavioral health care, pharmacy, dental/vision, and imaging) for 1,683 Massachusetts employers.

Claims Processed Under Self-Funded Plans

- In 2017, the TPAs – including insurance carriers operating as TPAs – reported handling \$14.5 billion in health care claims for persons covered under Massachusetts self-funded employment-sponsored health plans.
- Insurance carriers and their affiliated TPAs handled \$14.3 billion in health care claims; the TPAs not affiliated with any insurance carrier handled \$201 million in claims.

Fees Charged for Administering Benefits under Self-Funded Plans

- In 2017, the TPAs and carriers reported collecting \$960 million in fees for administering Massachusetts self-funded health plans and reported spending \$980 million to administer these accounts.

Proportion of Self-Funded Accounts Covering Massachusetts Mandated Health Benefits

- Among the 32 identified health benefits statutorily mandated to be within insured health benefit plans in 2017, the TPAs reported that 23 of those benefits were covered for more than 90% of members of self-funded plans. Each of the other nine mandated benefits was covered in full or in part for at least 78% of members of self-funded plans:
 - Autism Spectrum Disorder Treatment – covered in full or part for 88% of members
 - Cleft Palate and Cleft Lip – covered in full or part for 89% of members
 - Early Intervention Services – covered in full or part for 89% of members
 - Hearing Aids for Children – covered in full or part for 78% of members
 - HIV Associated Lipodystrophy Treatment – covered in full or part for 83% of members
 - Hypodermic Syringes or Needles – covered in full or part for 88% of members
 - Long Term Antibiotic Therapy for the Treatment of Lyme Disease – covered in full or part for 82% of members
 - Low Protein Food Products for Inherited Amino Acid and Organic Acid Diseases – covered in full or part by 79%
 - Non-Prescription Enteral Formulas – covered in full or part by 84%

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.