ADVANCED ANALYTICAL
CONSULTING GROUP

SELF-INSURED HEALTH BENEFIT PLANS 2026
Based on Filings through 2023

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Advanced Analytical Consulting Group, Inc.

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This document is pursuant to Contract 1605C1-24-C-0021 (Self-Insured Report: Appendix B) with the U.S. Department of Labor.

SUMMARY

This document analyzes the funding mechanisms of employer-sponsored health benefit plans that filed a *Form 5500 Annual Return/Report of Employee Benefit Plans* ("Form 5500") for the reporting period (plan year) that ended in 2023. It compares fully insured, self-insured, and mixed-funded (funded through a mixture of insurance and self-insurance) health plans and presents selected historical series for the plan years 2014 through 2023. This document also uses publicly available corporate financial data for a subset of health plan sponsors, based on the financial data available from Bloomberg.

The analysis separates group health plans with at least 100 participants at the start of the reporting period ("large plans") from group health plans with fewer than 100 participants at the start of the reporting period ("small plans"). As discussed further below, this is because small plans generally are only required to file a Form 5500 if they participate in MEWAs or operate a trust, which is associated with self-insurance. This excludes most small health benefit plans. As a result, small plans in the analysis are a non-random subset of small plans nationwide.

For small plans that filed a Form 5500, the primary findings are as follows:

- The number of small plans that filed a Form 5500 rose by 4.9% from 26,606 in 2022 to 27,922 in 2023, with the number of participants in small plans increasing 9.2% from just under 260,000 to 283,781 between 2022 and 2023. While the increase in plans is greater than that observed between 2021 and 2022, it is relatively modest compared to the increase of more than 45% in each of the preceding four years (2018 to 2019, 2019 to 2020, and 2020 to 2021). The inflow of small plans in previous years appears to have been driven by a growing number of small plans with a trust that participate in a non-plan Multiple Employer Welfare Arrangement (MEWA).
- A large majority (98.3%) of small plans that filed a Form 5500 were self-insured. The share of participants in small plans that were self-insured changed little between 2022 and 2023, from 92.9% to 94.8%. External sources of information about the health insurance of small employers, such as the Insurance Component of the Medical Expenditure Panel Survey (MEPS-IC), document far less self-insurance among small employers nationwide, underscoring the non-representative nature of small plans in our analysis due to exemptions from the Form 5500 filing requirements.
- Small self-insured plans were more than twice as likely to have stop-loss coverage as large self-insured plans. Among small self-insured plans that filed a Form 5500, stop-loss coverage has shown a consistent rise over time, reaching 58.6% in 2023.
- Most small self-insured plans that filed a Form 5500 are concentrated in the services and construction sectors.

The primary findings for large plans are as follows:

- In 2023, 59,783 large health plans covered 87.7 million participants. The number of plans increased by 2.6% from 2022. The number of plan participants increased by 1.3%.

- In 2023, almost one-half (46.5%) of large plans were self-insured or mixed-funded, and those plans covered 81.3% of large plan participants.
- At the plan level, the share of large plans that were self-insured (38.8%), mixed-funded (7.6%), and fully insured (53.5%) remain almost unchanged from 2022, which had 38.5% self-insured, 7.8% mixed-funded, and 53.7% fully insured.
- In 2023, 44.0% of large plan participants were covered by self-insured plans while mixed-funded plans covered 37.3%, and fully insured plans covered 18.7%. These reflect about 2.4 percentage points of participants moving from fully insured plans to plans with some self-insured component, compared to 2022.
- The prevalence of self-insurance (mixed-funded or self-insured) among large plans generally increased with plan size. For example, 29.8% of health plans with 100–199 participants were mixed-funded or self-insured in 2023, compared with 90.7% of health plans with 5,000 or more participants. This pattern is similar to prior years.
- Mixed-funding is found primarily among very large plans. For example, 1.8% of plans with 100–199 participants were mixed-funded in 2023, compared with 43.8% of plans with 5,000 or more participants.
- As reported in Form 5500 filings, stop-loss coverage among large self-insured plans declined 0.83 percentage points, from 20.7% in 2022 to 19.9% in 2023, continuing a downward trend since 2014 (26.2%). Similarly, mixed-funded large plans experienced a decline in reported stop-loss coverage from 14.8% in 2022 to 14.3% in 2023, continuing the downward trend since 2016 (18.9%). These figures likely understate the true prevalence of stop-loss coverage related to large plans because Form 5500 does not require the reporting of stop-loss coverage for the benefit of the sponsor (as opposed to the plan).
- The prevalence of some form of self-insurance (self-insured or mixed-funded) varied by industry for large plans, with the highest rates occurring in the retail trade (93.1%), utilities (90.2%), manufacturing (83.6%), and mining (83.6%). At least 71% of large plans in each industry had some form of self-insurance in 2023.
- Large plans sponsored by for-profit and not-for-profit organizations mainly differed in their prevalence of mixed-funded and self-insured plans. Weighted by participants, mixed-funded was far more prevalent at for-profit entities, where 42.5% of for-profit entities' sponsored plans were mixed-funded, compared to 11.6% of not-for-profits. Conversely, self-insurance was less prevalent at for-profit entities than at not-for-profit entities, with 38.5% of for-profit entities' sponsored plans being self-insured, compared to 70.6% of not-for-profits. Large for-profit and not-for-profit entities diverged slightly in their prevalence of fully insured plans between 2022 and 2023, with 17.8% of not-for-profit entities' sponsored plans and 18.9% of for-profit entities' sponsored plans being fully insured.
- We found no consistent evidence across all financial metrics that the financial health of sponsors of fully insured large plans differed from that of sponsors of large plans that were mixed-funded or self-insured.

In addition to group health plans discussed above, this report briefly characterizes Group Insurance Arrangements (GIAs), which by definition are fully insured.[1] For 2023, 47 GIAs filed a Form 5500. They covered about 287,104 participants, were generally larger than group health plans, and were disproportionately in the finance, insurance, and real estate industries.

[1] A GIA is an arrangement that provides benefits to the employees of two or more unaffiliated employers (not in connection with a multiemployer plan or a collectively-bargained multiple-employer plan). A GIA fully insures one or more welfare benefit plans of each participating employer through insurance contracts purchased solely by the employers or purchased partly by the employers and partly by their participating employees, with all benefit payments made by the insurance company. The GIA uses a trust or other entity as the holder of the insurance contracts and uses a trust as the conduit for payment of premiums to the insurance company. A GIA may file a single Form 5500 on behalf of all participating employers. 29 CFR § 2520.104-21, 43.

CONTENTS

1. INTRODUCTION

The 2010 Patient Protection and Affordable Care Act (ACA) (§1253) mandates that the Secretary of Labor "prepare an aggregate annual report on self-insured group health plans and self-insured employers," with general information on self-insured group health plans (including plan type, number of participants, benefits offered, funding arrangements, and benefit arrangements) as well as data from the financial filings of self-insured employers.[2] The U.S. Department of Labor (DOL) engaged Advanced Analytical Consulting Group, Inc. (AACG) to assist with the ACA mandate. This document serves as an appendix to the Secretary's 2026 *Report to Congress*.

As required by the ACA, the primary data source for this report is the information provided to the DOL by group health plan sponsors on *Form 5500 Annual Return/Report of Employee Benefit Plans* ("Form 5500") filings. This report also uses financial data for a subset of health plan sponsors that had publicly available financial data in Bloomberg.

This report is the sixteenth installment of a series that began with the 2011 Report to Congress. While the analysis has been refined over time, no major methodological changes affected the current report relative to last year's iteration.

The current report presents results for Form 5500 filings for plan years that ended in 2014–2023 (i.e., the effective year of the ACA implementation in 2014 and the following nine years). Growth in the number of small plans filing decelerated sharply since 2021, growing about 5% between 2022 and 2023. From 2017 to 2021, small plans exhibited a growth rate of over 40% per year and as much as 82.8% from 2018 to 2019. The vast majority of those small plans are self-insured. For large plans, the primary findings for 2023 are similar to those for 2022, with about 2.6% growth in the number of plans.

Section 2 of this report describes Form 5500 and other data sources, including data quality, consistency issues, and the extent to which financial data were matched to health plan filings. Section 3 defines "funding mechanism" as used in this report. Section 4 presents the results of our data analysis for small health plans, and Section 5 discusses large plans. Section 6 briefly characterizes Group Insurance Arrangements (GIAs), and Section 7 concludes the report.

The views, opinions, and/or findings contained in this report should not be construed as an official Government position, policy, or decision, unless so designated by other documentation issued by the appropriate governmental authority.

[2] H.R.3590 - 111th Congress (2009-2010): Patient Protection and Affordable Care Act. (2010, March 23).

2. DATA SOURCES

The quantitative analysis in this report is based on three data sources: Form 5500 group health plan filings, Internal Revenue Service (IRS) *Form 990 Return of Organization Exempt from Income Tax* ("Form 990") filings, and Bloomberg data reflecting corporate financial records. For the purposes of this report, a plan is uniquely identified by the EIN of its sponsor and a plan number (PN). This section discusses the data sources and the algorithms used to match the three sources.

Form 5500 Group Health Plan Filings

The ACA stipulates that the Secretary's Report to Congress on self-insured group health plans be based on Form 5500 filings. The Form 5500 Series was developed to assist employee benefit plans in satisfying annual reporting requirements under Title I and Title IV of the Employee Retirement Income Security Act (ERISA) and under the Internal Revenue Code. The Form 5500, including required schedules and attachments, collects information concerning the operation, funding, assets, and investments of pensions and other employee benefit plans, including employee welfare benefit plans.

Welfare benefits refer to medical, surgical, or hospital care or benefits, or sickness, accident, disability, death or unemployment, or vacation benefits, and other types of benefits described in section 302(c) of the Labor Management Relations Act that are not pension benefits established or maintained for employees by an employer, employee organization, or both.[3] Generally, plan sponsors file a separate Form 5500 for plans providing pension benefits and plans providing welfare benefits. This report centers on health benefits only and is thus based on a subset of welfare benefit filings.[4]

The Form 5500 consists of a main Form 5500, schedules, and attachments, depending on the type of plan and its features. The main Form 5500 collects general information such as the name of the sponsoring employer, the type of benefits provided (pension, health, disability, life insurance, etc.), the effective date of the plan, and the number of plan participants, along with limited information on funding and benefit arrangements. If the plan sponsor provides some or all plan benefits through external insurance contracts, Form 5500 plan filings must include one or more Schedules A with details on each insurance contract (name of insurance company, type of benefit covered, number of persons covered, expenses, etc.). If the plan holds any assets in a trust, a Schedule H or Schedule I must be attached with financial information. Schedule H applies to large plans, whereas small plans may file the shorter Schedule I. Certain small plans may file a Form 5500-SF (Short Form) with less detailed information.[5]

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[3] See Labor-Management Reporting and Disclosure Act of 1959, as Amended, SEC. 302.

[4] While this report only addresses health benefit information, plans provide information on other types of benefits on their Form 5500, such as dental and disability benefits when those benefits are offered under the same welfare benefit plan.

[5] To be eligible to use the Form 5500-SF, the plan must generally have fewer than 100 participants at the beginning of the plan year, meet the conditions for being

Non-ERISA plans, such as governmental plans and church plans, do not need to file a Form 5500 and are therefore not covered by the analysis in this report. Also, plans with fewer than 100 participants at the beginning of the plan year[6] ("small plans") are generally exempt from filing a Form 5500, unless they operate a trust or participate in a Multiple Employer Welfare Arrangement (MEWA).[7] As a result, an estimated 99% of small health benefit plans were not required to file a Form 5500 in 2023 and so were not included in the report's analysis.[8] Therefore, the small plans included in this report are not representative of small plans in the United States.

In contrast, this report should include nearly all large ERISA-covered plans in the United States because plans with 100 or more participants at the beginning of the plan year ("large plans") are generally required to file a Form 5500.

Form 5500 filings were excluded from this report if (1) the filing was followed by one or more filings for the same plan for a later period in the same year (there were 1,973 such filings for small plans and 1,103 such filings for large plans in 2023), (2) the filing was for a small plan which did not hold assets in a trust and was therefore exempt from filing a Form 5500 (there were 1,708 such filings for small plans in

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exempt from the requirement that the plan's books and records be audited by an independent qualified public accountant, have 100% of its assets invested in certain secure investments with a readily determinable value, hold no employer securities, not be a multiemployer plan, and not be required to file a Form M-1; the *Form M-1 Report for Multiple Employer Welfare Arrangements (MEWAs) and Certain Entities Claiming Exception (ECEs)* is available at https://www.dol.gov/sites/dolgov/files/EBSA/employers-and-advisers/plan-administration-and-compliance/reporting-and-filing/forms/m1-2023.pdf for the plan year (*2023 Instructions for Form 5500-SF*, available at https://www.dol.gov/sites/dolgov/files/ebsa/employers-and-advisers/plan-administration-and-compliance/reporting-and-filing/form-5500/2023-sf-instructions.pdf).

[6] "Large" plans are generally those with 100 or more participants as of the beginning of the plan year. Conversely, "small" plans report less than 100 participants as of the beginning of the plan year. An important exception to the definition of "large" plans exists; plans with 80 to 120 participants at the beginning of the year are eligible to file as the same type of plan as in the prior year. Thus, a plan that filed a Form 5500-SF in the prior year can file the Form 5500-SF as a "small plan" as long as the number of participants at the beginning of the year remains below 120. See the "Who May File Form 5500-SF" section of the *2023 Instructions for Form 5500*, https://www.dol.gov/sites/dolgov/files/ebsa/employers-and-advisers/plan-administration-and-compliance/reporting-and-filing/form-5500/2023-sf-instructions.pdf.

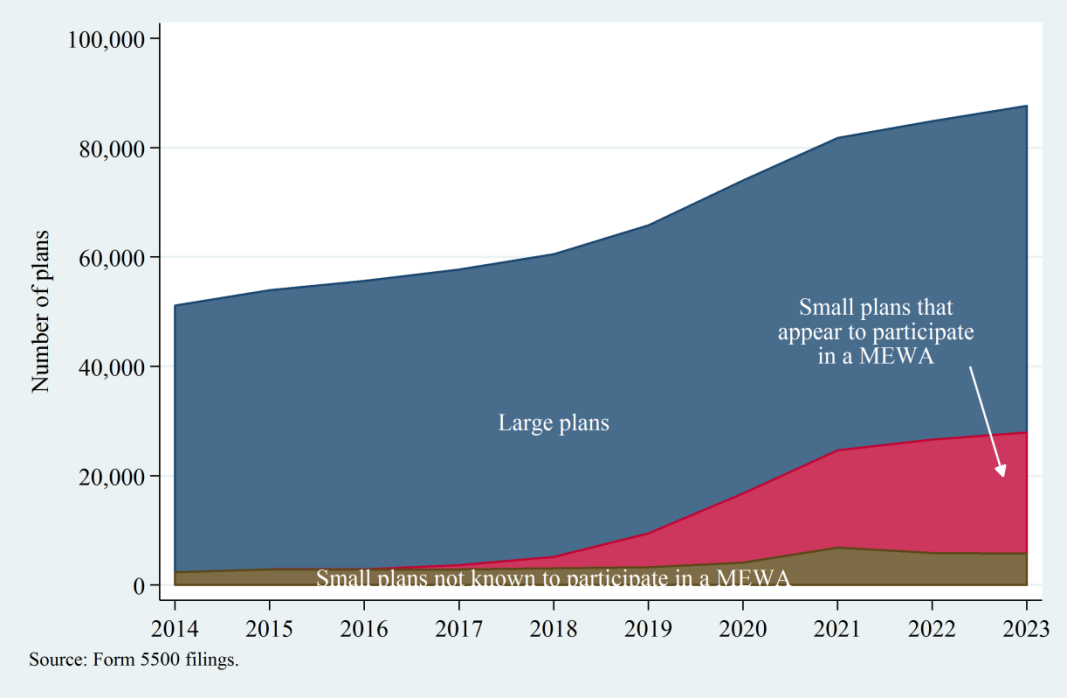
[7] Small plans that are fully insured or pay benefits from the employer's general assets (i.e., unfunded), or a combination of both, are exempt from filing a Form 5500. See 29 CFR 2520.104-20 and 2520.104-41.

[8] In 2016, DOL estimated that 2,158,000 health plans covered fewer than 100 participants (See 81 FR47496 47502 [July 21, 2016], available at govinfo.gov/content/pkg/FR-2016-07-21/pdf/2016-14892.pdf). Based on participants at the beginning of the plan year, only 11,039 such plans (0.5%) filed a Form 5500 in 2016.

2023), (3) the plan name suggested that it did not offer health benefits that were the subject of the ACA (there were three such filings for small plans and 471 such filings for large plans in 2023)[9], or (4) the filing was submitted by a GIA (there were two such filings for small plans and 45 such filings for large plans in 2023). This reduced the number of small plans filings from 31,608 to 27,922 and the number of large plan filings from 61,402 to 59,783.[10]

The number of small health benefit plans that filed a Form 5500 was relatively stable from 2014 to 2016, but has grown substantially in recent years—see Figure 1.

Figure 1. Number of Small and Large Health Benefit Plans that Filed a Form 5500 (2014-2023)[11]



Plans that participate in a MEWA, which is a vehicle for offering welfare benefits to the employees of two or more employers, appear to have driven the growth in small

[9] Often these plans have names including the following terms, as well as others: "long term disability and voluntary life plan," "associate accident program," "group life" and "AD&D plan."

[10] Following the Form 5500 filing requirements, the distinction between small and large plans is based on participant count at the beginning of the reporting period. For all other purposes (unless specified otherwise), we measured the number of participants at the end of the reporting period, because that count is most up-to-date. The difference between participant counts at the beginning and the end of the reporting period implies that large plans (with 100 or more participants at the *beginning* of the reporting period) may cover fewer than 100 participants at the *end* of the period (see Table 1) and that small plans may cover more than 100 participants at the end of the period.

[11] Plan size is based on the number of participants at the beginning of the year.

plans that file a Form 5500. A MEWA may or may not be a welfare benefit plan itself.[12] If a MEWA is not a welfare benefit plan, Form 5500 filing requirements apply to the individual employer plans that participate in the MEWA; otherwise, the MEWA itself may file a Form 5500.[13] Based on plan names, we identified 22,186 plans out of the total of 27,922 small plans in our analysis that appear to have participated in 11 non-plan MEWAs in 2023.[14,15] MEWAs were identified by the fact that there were numerous plans that had the same administrator EIN and a common name or string of characters in the plans name, such as ""SOCA BENEFIT PLAN." The individual plans participating in MEWAs are identified solely through their names and shared plan administrator EINs. A plan will not be identified if its name does not include the related MEWA name or if it does not share the same plan administrator EIN.

Form 5500 filings are almost universally available for large ERISA-covered health benefit plans, while small plans generally are not required to file the Form 5500. Because these groups are so distinct, much of this report analyzes "large" and "small" plans separately.

This report includes 27,922 small plans covering 283,781 participants and 59,783 large plans covering 87,706,498 participants at the end of the plan year. Throughout this report, the term "participants" includes active and retired or separated employees but excludes dependents of employees.[16]

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[12] A plan MEWA meets the ERISA definition of "employee welfare benefit plan" under section 3(1) of ERISA. A non-plan MEWA does not meet the ERISA definition of an "employee welfare benefit plan" under section 3(1) of ERISA. Typically, non-plan MEWAs cover a collection of separate employee welfare benefit plans maintained by individual employers.

[13] A MEWA that is itself an employee benefit plan is required to file a Form 5500. In addition, MEWAs that provide medical coverage, regardless of whether they also constitute employee benefit plans under ERISA, are required to file the Form M-1, "Report for Multiple Employer Welfare Arrangements (MEWAs) and Certain Entities Claiming Exception (ECEs)."

[14] Prior to 2016, we did not examine or report on whether small plan Form 5500 filers participated in non-plan MEWAs.

[15] Form 5500 and 5500-SF filings do not contain direct information about participation in a non-plan MEWA. We infer likely participation from plan names that contain the name of a MEWA. For example, in Ohio, many plan names contain the string "SOCA BENEFIT PLAN," which suggests participation in a MEWA sponsored by the Southern Ohio Chamber Alliance (https://www.joinsoca.com/soca-benefit-plan/faqs). Similarly, many plan names contain the names of MEWAs sponsored by the Ohio Farm Bureau, Builders Exchange of Ohio, Ohio State Medical Association, Canton Regional Chamber of Commerce, Missouri Chamber Federation, Community Bankers of West Virginia, Georgia Chamber Federation, Georgia Farm Bureau, and California Association of Realtors. This year we newly identified a non-plan MEWA that is sponsored by the Kentucky Chamber of Commerce. Data from previous years has been adjusted accordingly.

[16] The number of participants is based on the number reported in Form 5500 filings and may overestimate the number of plan participants who received health benefits. A single Form 5500 filing may reflect multiple welfare benefit types/options available under a single plan, and some participants may opt out of the health benefit option but participate in a different welfare benefit option. An example is a welfare plan that provides multiple types of benefits with 500 employees enrolled for long-term

Table 1 presents the distribution of small plans and large plans for filings in statistical year 2023.[17] Large plans are listed by the size of the plan at the end of the reporting period.

Table 1. Distribution of Health Plans and Plan Participants, by Plan Participant Counts at the End of the Reporting Period (2023)

Participants in plan	Total Plans	Percent	Participants (millions)	Percent
Small Plans	27,922	31.8%	0.3	0.3%
Large Plans by Size				
0–99	2,761	3.2%	0.1	0.1%
100–199	20,509	23.4%	3.0	3.4%
200–499	19,263	22.0%	6.0	6.8%
500–999	7,615	8.7%	5.3	6.0%
1,000–1,999	4,289	4.9%	6.0	6.8%
2,000–4,999	2,981	3.4%	9.3	10.5%
5,000+	2,365	2.7%	58.0	66.0%
Total	87,705	100.0%	88.0	99.9%

Source: Form 5500 health plan filings.
Numbers or percentages may not sum to total due to rounding.

Group health plans with fewer than 100 participants at the end of the plan year fall into two groups in Table 1, Small Plans, 27,831 of the 27,922 in the first row which remained small by the end of the reporting period (31.7%) and Large Plans that had less than 100 participants by the end of the year (3.2%). In combination these two groups of plans that were small by the end of the year account for 34.9% of plans in our analysis. The majority of plans have less than 200 participants, and over 80% have less than 500 at the end of the plan year. The majority of participants, however, are in the largest plans. Plans with 5,000 or more participants make up only 2.7% of all plans in our dataset, but they account for 65.8% of all participants.

The Number of Health Benefit Plans and Their Participants

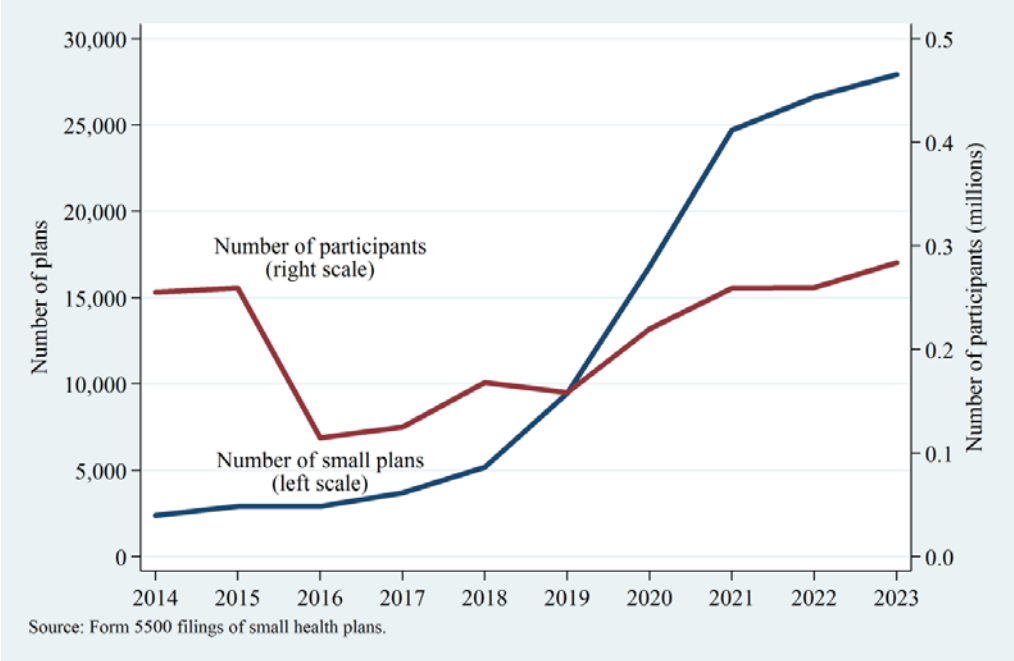
Our analysis covers statistical years 2014 through 2023. As shown in Figure 2 below and its underlying counts in Table 2, the rate at which small health plans increased

disability benefits, and, of those 500 employees, only 400 are enrolled for health benefits. In this example, the number of plan participants reported in the Form 5500 would be 500, because this welfare plan overall covers 500 participants.

[17] Through much of this report, consistent with Form 5500 filing instructions, plans are defined as "large plans" or "small plans" based on the total participants at the beginning of the plan year ("BOY"). Plans that had 99 or fewer participants at BOY are defined as "small plans." Plans that had 100 or more participants at BOY are defined as "large plans." Table 1 reports both "large plans" and "small plans." For purposes of this Appendix B to this *Self-insured Health Benefit Plans* report, the plan sizes listed in the table are the sizes of plans at the end of the plan year ("EOY").

between 2022 and 2023 from 26,606 to 27,922 (4.9%) was slightly smaller than in the prior year (2021 to 2022, 7.74%) and substantially lower than the more than 45% increase observed between 2020 and 2021 from 16,809 to 24,693. This was part of a longer trend which saw the number of small plans increase more than 180 percent from 2019 to 2022. The number of plans had exhibited slow growth between 2013 and 2016, followed by acceleration in percentage growth from 2017 to 2022. In 2023, small plans covered approximately 283,781 participants, a growth of 9.23% over 2022.

Figure 2. Small Health Plans and Participants, by Statistical Year



Similarly, Figure 3 below and its underlying counts in Table 2 show that between 2014 and 2023, the number of large plans ranged from roughly 49,000 to 60,000 per year. And the number of participants ranged from approximately 70 million to 88 million per year. From 2022 to 2023, the number of large health plans grew slightly, from just over 58,000 to just under 60,000, while the number of participants in large health plans increased from 86.6 to 87.7 million.

Figure 3. Large Health Plans and Participants, by Statistical Year

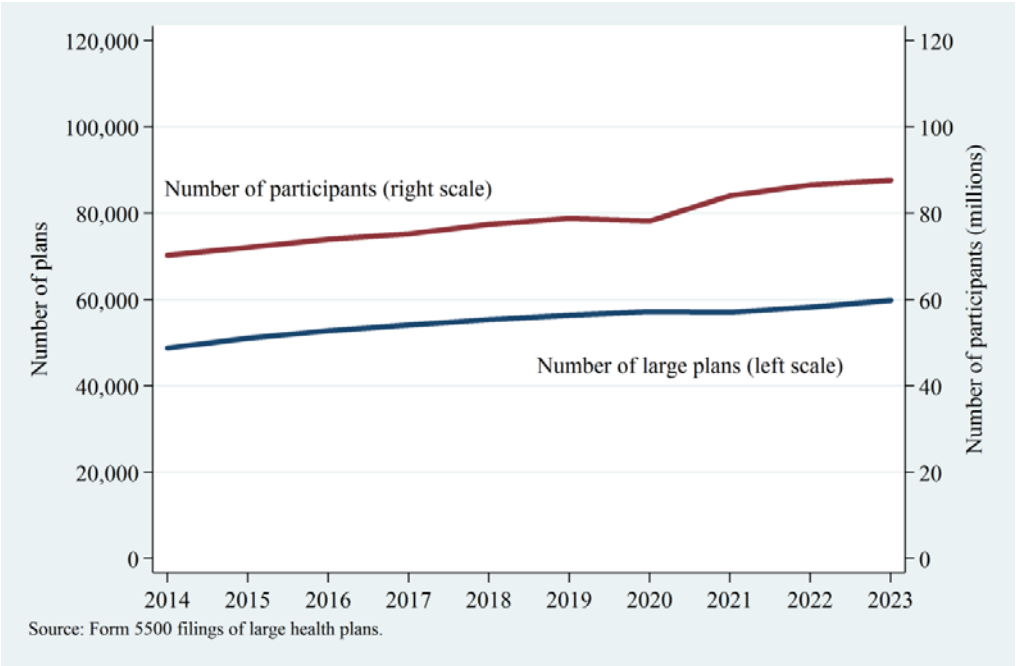


Table 2. Health Plans and Participants, by Statistical Year

	Small Plans		Large Plans	
Statistical year	Number	Participants (millions)	Number	Participants (millions)
2014	2,382	0.255	48,759	70.3
2015	2,901	0.259	51,057	72.1
2016	2,900	0.115	52,769	74.0
2017	3,679	0.125	54,071	75.2
2018	5,169	0.168	55,361	77.4
2019	9,450	0.158	56,348	78.8
2020	16,809	0.220	57,245	78.2
2021	24,693	0.259	57,113	84.0
2022	26,606	0.260	58,290	86.6
2023	27,922	0.284	59,783	87.7

Source: Form 5500 health plan filings.

Table 3 shows the percentage of health plan filings that were matched to their corresponding filing in the previous year. It covers both large and small plans. The match rate ranged from 81.0% in 2020 to 87.9% in 2014. In 2023, the match rate was 85.2%, which is almost unchanged from that in 2022. In order to gauge consistency in the reporting of the number of participants, the table illustrates the extent to which participant counts of matched pairs of plan filings changed from one year to the next. At the median, plans reported approximately the same plan size as in the prior year, suggesting that the matches were generally accurate and that there was consistency in the reporting. The distributions were fairly stable over time,

and the interquartile range (the difference between the 75th and 25th percentiles of plan sizes) was about 18 percentage points in 2023.

Table 3. Distribution of Year-on-Year Participation Increases in Plans Matched across Years

Statistical year	Number of plans in year t	Percentage matched to a plan in t-1	Year-on-year increase		
			25th pct	Median	75th pct
2014	51,141	87.90%	-5.62%	0.96%	9.17%
2015	53,958	86.03%	-5.75%	1.28%	9.76%
2016	55,669	87.11%	-6.13%	1.12%	9.57%
2017	57,750	86.69%	-5.85%	1.00%	9.16%
2018	60,530	86.32%	-5.74%	1.08%	9.60%
2019	65,798	83.26%	-6.38%	0.70%	9.23%
2020	74,054	80.99%	-10.36%	0.00%	7.01%
2021	81,806	81.64%	-9.12%	0.00%	9.02%
2022	84,896	85.03%	-8.48%	0.00%	10.60%
2023	87,705	85.23%	-8.89%	0.00%	9.52%

Source: Form 5500 health plan filings.
Match rates based on all Form 5500 health plan filings.
Participant increases based on the matched sample only.

Financial Information from IRS Form 990 and Bloomberg

The ACA directs the Department to examine the relationship between a plan sponsor's financial health and the plan's funding mechanism. To address these questions, we matched Form 5500 health plan filings with two sources of financial information: IRS Form 990 and Bloomberg corporate financial data. We obtained plan sponsors' not-for-profit status from the Form 990 and financial information for a subset of large plans from Bloomberg. This section describes our approach and the number of Form 5500 filers for which we achieved a statistical year 2023 match with Form 990 or Bloomberg records.

Not-for-Profit Status from Form 990

Tax-exempt organizations file a Form 990 annually with the IRS unless exempt from filing. On its website, the IRS makes select fields of Form 990 filings, including Employer Identification Numbers (EINs) and the organizations' names, publicly available. We determined whether health plan sponsors (large or small) were for-profit or not-for-profit by matching Form 5500 filings to Form 990 filings. If the corporate sponsor listed on a Form 5500 health plan filing matched to a Form 990 filing, and the entity that filed a Form 990 was not itself a benefit plan, we identified the plan sponsor as a not-for-profit organization; otherwise, we considered it for-profit.[18]

[18] Some welfare benefit plan sponsors of for-profit corporations were themselves not-for-profit entities. For example, a Form 5500 plan sponsor could be listed as XYZ Corporation Employee Benefits Plan, a not-for-profit entity that filed a Form 990. In such cases, we ignored the Form 990 entry for an XYZ Corporation Employee Benefit

We matched entities using the EIN and organization name. To reduce mismatches due to name spelling variations, we normalized names and removed plan labels prior to matching.[19] Of the 31,608 small plan filings, we identified 1,795 (5.7%) as not-for-profit. They covered 25,336 participants, or 9.0% of the total participant count of small plans. Of the 59,783 large plans in 2023, 9,721 (16.3%) had sponsors that filed a Form 990, which we classified as not-for-profit. These not-for-profits covered nearly 14.9 million participants, or 17% of the total participant count of large plans under study.

Financial Metrics from Bloomberg

Corporate financial information comes from Bloomberg, a provider of financial and other data for companies in the United States and elsewhere. Bloomberg culls Form 10-K filings and other sources to collect data about companies with public financial statements, which generally include companies with publicly traded stock or bonds.[20] Our extract from its database contained information on the 2023 financial performance for nearly 6,000 companies with public financial information that are based in the United States or listed on a U.S. stock exchange and could be matched to sponsors or health benefit plans that filed a Form 5500.

We extracted the following fields that capture company size and financial health:

- Market capitalization: Total value of outstanding common stock as of the end of the year;
- Revenue: Total revenue net of sales returns and allowances during the year;
- Profit: Amount of profit the company made after paying all of its expenses during the year;
- Cash and cash equivalents: Amount of cash in vaults, deposits in banks, and short-term investments with maturities under 90 days as of the end of the year;
- Total debt: Short-term borrowings, long-term debt, and long-term capital leases as of the end of the year;
- Altman Z-Score: An index commonly used for predicting the probability that a firm will go into bankruptcy within two years.[21] The lower the score, the greater the probability of insolvency; and

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Plan and looked for XYZ Corporation among Form 990 filings to determine its for-profit status. To this end, we excluded Form 990 filings by voluntary employees' beneficiary associations (VEBAs), teachers' retirement fund associations, supplemental unemployment compensation trusts or plans, employee-funded pension trusts, multiemployer pension plans, and any filer with names that included such labels as *HEALTH PLAN* or *WELFARE PLAN*. For-profit status thus refers to the plan sponsor, not to the plan itself.

[19] The algorithm removed punctuation, streamlined abbreviations, and removed strings that denoted health plans. For example, "ABC Incorporated Employee Benefit Trust" and "ABC Inc." both normalized to "ABCINC."

[20] A Form 10-K is an annual financial report filed with the U.S. Securities and Exchange Commission.

[21] The Altman Z-Score in the Bloomberg data is calculated as 1.2 times the ratio of working capital to tangible assets, plus 1.4 times the ratio of retained earnings to

- Number of employees.

Matching Form 5500 Filings of Large Plans and Bloomberg Records

Form 5500 group health plan filings and Bloomberg data both contained the names of plan sponsor companies. We restricted Bloomberg records to companies that were based in the United States or listed on a U.S. stock exchange. However, mismatches could have occurred from differences between corporate names in Bloomberg (e.g., XYZ Holdings, Inc.) and plan sponsor names on Form 5500 filings (e.g., XYZ, Inc.). Therefore, the match rate on name alone was low. Both data sources also contained EINs, but that field was available for only 6.05% of Bloomberg records.

Due to the difficulty of matching Form 5500 data to Bloomberg records, the analysis of corporate financial health focuses exclusively on large plans.[22] Even with this restriction, the matching for large plans' Form 5500 data and Bloomberg records remains challenging. To improve accuracy, we leveraged additional identifiers. Bloomberg records may further identify companies through their Central Index Key (CIK), a number used by the U.S. Securities and Exchange Commission (SEC) to identify corporations and individuals who have filed a disclosure with the SEC. CIKs were available for 98.8% of Bloomberg records. SEC filings, electronically available from the SEC's Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system, often included both a company's CIK and its EIN. Using an automated algorithm that extracted CIK-EIN combinations from SEC filings, we located EINs from the SEC filing for 78.9% (4,640) of the Bloomberg records based on CIK matches between Bloomberg and the SEC filings.

Next, we defined clusters of EINs, CIKs, and company names that appeared to relate to the same company. For example, a company may have used two EINs, or an EIN may have been associated with multiple (similar) names. To improve the clustering, we normalized the company names and removed plan labels.

We then mapped all related EINs, CIKs, and company names into a unique cluster. Finally, we matched Bloomberg records and Form 5500 health plan filings by cluster.

Corporate fiscal years do not need to correspond to health plan reporting periods. In an effort to accurately match a 2023 Form 5500 health plan filing with its sponsor's 2023 financial information, we required that the end date of the fiscal year captured in Bloomberg and the end date of the Form 5500 plan year differed by no more than

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tangible assets, plus 3.3 times the ratio of earnings before interest and taxes to tangible assets, plus 0.6 times the ratio of the market value of equity to total liabilities, plus 1.0 times the ratio of sales to tangible assets (source: Bloomberg).

[22] Insofar as small plans are sponsored by small companies, corporate financial information is rarely available. Financial data is typically only available for large plans that are required to file financials with the SEC. That said, 28 sponsors of small plans were matched to Bloomberg data. However, nine had certain financial data missing (e.g., revenue, debt, employee numbers, etc.). Almost all matched small plans are sponsored by large companies. Due to the fact that only 28 out of 27,922 small plans had a match to the financial data and only 19 of them have complete data, we do not analyze the financial information of these small plans.

183 days. This allows the fiscal year that we use for financials to have the greatest overlap with the filing year for the health plans. Only if the closest fiscal and plan years differed by no more than 183 days did we consider this a match. For example, a health plan sponsor could have a plan year from January 1 to December 31, but a fiscal year that ran from April 1 to March 31 of the next year. Under these circumstances, we matched the Form 5500 health plan filing ending December 31, 2023 with the Bloomberg financial information for the fiscal year ending March 31, 2024.

As summarized in Table 4, the process above results in 908 matched plans with 5,000 or more participants (38.4%) and 3,389 plans (5.7%) overall.[23] The 3,389 matched plans covered 30.5 million participants, or 34.8% of all participants in the Form 5500 large health plan data.

Table 4. Form 5500 Large Health Plan Filings Matched with Financial Information, by Plan Size (2023)

Number of participants	Large Plans			Participants		
	Number	Percent	Match rate	Number (millions)	Percent	Match rate
0–99*	77	2.3%	2.8%	0.0	0.0%	2.1%
100–199	325	9.6%	1.6%	0.0	0.2%	1.6%
200–499	571	16.8%	3.0%	0.2	0.6%	3.1%
500–999	454	13.4%	6.0%	0.3	1.1%	6.1%
1,000–1,999	500	14.8%	11.7%	0.7	2.4%	12.0%
2,000–4,999	554	16.3%	18.6%	1.8	5.9%	19.4%
5,000+	908	26.8%	38.4%	27.4	89.9%	47.2%
Total	3,389	100.0%	5.7%	30.5	100.0%	34.8%

Source: Form 5500 large health plan filings and Bloomberg data.

* The definition of a large plan is based on number of participants at the beginning of the reporting period; some large plans have fewer than 100 participants at the end of the period.

Numbers or percentages may not sum to total due to rounding.

The match rate increased with plan size, presumably because larger plans are sponsored by larger companies and because larger companies are more likely to be publicly traded and therefore required to disclose financial information. However, even very large plans did not match universally. Plans that did not match included those of hospitals and universities without public financials but also U.S. operations of large international firms with public financials. A more inclusive name matching algorithm could boost the matching rate, but it also increases the risk of false matches which in turn could dilute any analysis results based on the matched subset of plans. Instead, we opted for a more conservative approach, with a smaller subset of matched plans but more reliable matches.

[23] While the number of matches for small plans is relatively small, many companies that filed a Form 5500 were not represented in Bloomberg data because they have no requirement to issue publicly available financial statements. The sponsor may be privately held and, without publicly issued securities, the sponsor may be based overseas, or the plan may be a multiemployer or multiple-employer plan.

3. THE DEFINITIONS OF FUNDING MECHANISMS

The Form 5500 does not require plan sponsors to report the funding mechanism of health benefits with sufficient specificity for us to determine definitively whether we should classify plans that report using both a trust and insurance as self-insured, fully insured, or mixed-funded (also referred to as mixed below). This section describes how we classified individual plans by funding mechanism for purposes of this report.

Classification of Funding Mechanism Is Driven by Form 5500 Filing Data

For the purpose of the analysis in this report, the type of funding mechanism was assigned based on information provided by Form 5500 health plan filings. We categorized plans as self-insured, fully insured, or mixed-funded. A mixed-funded plan contained both self-insured and fully insured components. For example, an employer may offer its employees a choice between a fully insured HMO option and a self-insured PPO option.

If the employer reported both plan components on a single Form 5500 filing, the plan would be mixed-funded. In some cases, the data were incomplete or internally inconsistent. For example, while Schedule A is intended to report on insurance contracts, some plans attached a Schedule A for a contract that appeared to be for administrative services only (ASO), rather than for insurance. It should also be noted that we do not edit Form 5500 filings; the funding mechanism classifications used in this report are based on what sponsors reported in their filings, even where inconsistencies may exist. Given these limitations, the classification in this report should not be interpreted as an official or legal definition.

The classification of funding mechanism is based on data from the main Form 5500, Form 5500-SF, Schedule A, and Schedule H/I. As depicted in Figure 4 below, there were multiple ways in which a plan may be classified as self-insured, mixed-funded, or fully insured. Two important ways were evidence of an external health insurance contract (on a Schedule A) and evidence of a plan trust (on a Schedule H or I).

> *Evidence of Health Insurance Contract*. Information on insurance contracts needs to be reported on a Schedule A. Many plans use the Schedule A to report dental, vision, disability, or other non-health benefits. Only Schedules A that specify "Health (other than dental or vision)" benefits or reflect an "HMO contract," "PPO contract," or "Indemnity contract" were considered evidence of health insurance. However, some Schedules A may have been filed in error, and some health benefits—such as business travel insurance with limited emergency medical care benefits—may be outside the focus of the ACA. The algorithm rejected as evidence of health insurance any Schedule A with per capita annualized premiums that were less than 30% of the average cost of single health coverage in the United States, as documented by the Kaiser Family Foundation's *Employer Health Benefits Annual Survey*

("KFF Survey").[24] In 2023, the average premium for single coverage is $8,435 per year, so the algorithm required annualized premiums to be at least 30% × $8,435 = $2,530.50 per covered person.[25]

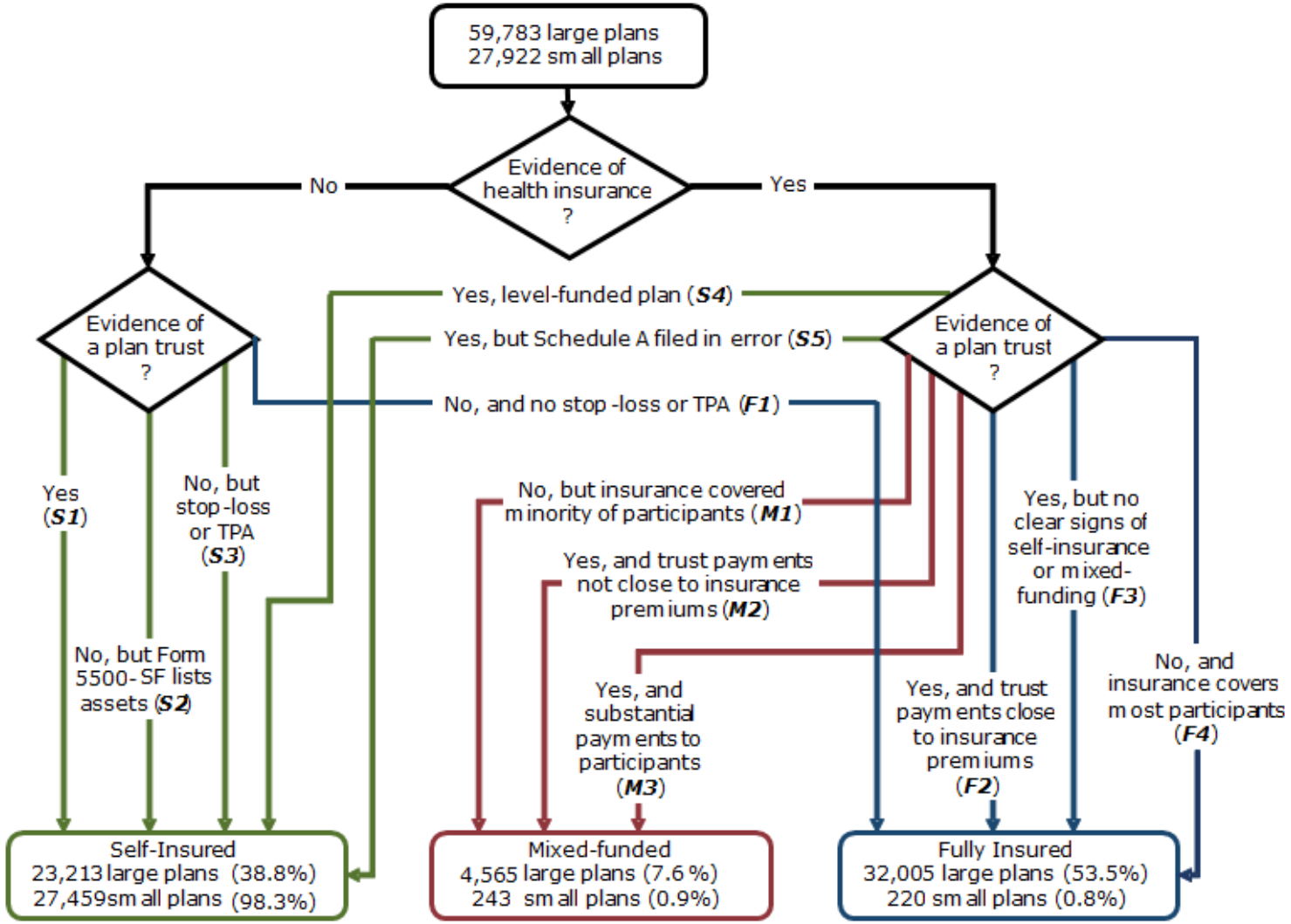
Evidence of a Plan Trust. Information on a plan's trust, if any, is required to be reported on a Schedule H or I. In addition to assets and liabilities, the Schedules H and I report contributions and expenses (such as benefit payments directly to participants and payments to insurance carriers). Some plans attached a Schedule H or I that was blank (not common since the introduction of electronic filing) or reported on compliance issues only. The algorithm accepted as evidence of a trust only Schedules H/I with at least some information on assets, liabilities, income, or expenses.

Figure 4 illustrates the algorithm that classified plans by funding mechanism based on detailed information on the main Form 5500, Schedules A, and Schedules H/I. The main issue was whether plans provided evidence of a health insurance contract or a plan trust. Of the 27,922 small plans, 27,459 (98.3%) were classified as self-insured, 243 (0.9%) as mixed-funded, and 220 (0.8%) as fully insured. Of 59,783 large plans in the 2023 analysis file, 23,213 (38.8%) were classified as self-insured, 4,565 (7.6%) as mixed-funded, and 32,005 (53.5%) as fully insured.

[24] Kaiser Family Foundation, *Employer Health Benefits, 2023 Annual Survey. 2023*. Available at https://www.kff.org/health-costs/report/2023-employer-health-benefits-survey/

[25] The average annual premiums for single coverage rose from $5,049 in 2010 to $8,435 in 2023.

Figure 4. Classification of Plans by Funding Mechanism



The branches in Figure 4 are labeled and described in detail in the sections below. The Technical Appendix lists the data fields that the algorithm uses.

Self-Insured Plans

S1: No Evidence of Health Insurance; Evidence of a Plan Trust

All plans in the analysis reported sponsoring health benefits. If there was no evidence of health insurance, and financial information for a plan trust was provided, then the plan was classified as self-insured.

S2: Short-Form Filers with Fewer Than 100 Participants or with Assets

Some plans with fewer than approximately 100 participants at the beginning of the year may file a Form 5500-SF. Such filings were not required to attach any schedules, and any financial information would be entered on the Form 5500-SF itself.[26] Due to this lack of information, plans that filed a Form 5500-SF and reported fewer than 100 participants at the beginning of the year were presumed to be self-insured. Further, if they reported between 100 and 120 participants at the beginning of the year and listed plan assets, they also were classified as self-insured.

S3: No Evidence of Health Insurance or of a Plan Trust; Indicators of Self-Insurance

Some plans provided no evidence of either health insurance or a plan trust. If the funding or benefit arrangement was through a trust or from general assets, then we classified the plan as self-insured. Also, if the only Schedules A attached to the filing were for stop-loss coverage or non-health benefits, or if a Schedule A indicated third party administrator services rather than insurance,[27] then we classified the plan as self-insured.

S4: Evidence of Health Insurance and of a Plan Trust; Financial Information Indicates Self-Insurance

Some plans provided evidence of health insurance and of a plan trust that listed payments both directly to participants and to insurance carriers. Depending on the magnitude of certain trust payments and insurance premiums, such plans may be self-insured, mixed-funded, or fully insured. The algorithm sequentially checked for various scenarios, including the possibility that the Schedule A reflected a level-funded plan contract.[28] In such cases, we classified the plans as self-insured.

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[26] Small plans that filed a Form 5500-SF without financial information are presumed to be exempt from filing and are excluded from the analysis.
[27] Some plans attached a Schedule A for administrative services only (ASO) contracts despite directives to the contrary (*2023 Instructions for Form 5500*).
[28] A level-funded plan is a nominally self-funded option for small or mid-sized employers that incorporates stop-loss coverage with relatively low attachment points. Often, the insurer calculates an expected monthly expense for the employer, which includes a share of the estimated annual cost for benefits,

S5: Evidence of Health Insurance, but Schedule A May Have Been Filed in Error

Some plans provided evidence of health insurance and of a plan trust that listed payments both directly to participants and to insurance carriers. In addition to the possibility discussed under branch *S4*, the Schedule A may have been filed in error. Having excluded certain other scenarios, if Schedule A reported experience-rated charges but no corresponding premiums, it presumably did not reflect an insurance contract. We then assumed that the Schedule A was filed in error, and we classified the plan as self-insured.

Mixed-Funded Plans

M1: Evidence of Health Insurance; No Evidence of a Plan Trust; Funding through Trust or General Assets and Insurance Covered a Minority of Participants

In principle, when a plan provided evidence of health insurance and not of a plan trust, we classified the plan as fully insured. However, the plan may additionally cover some participants in a self-insured plan component, namely from general assets or through a trust (for which no information was provided). The algorithm first accounted for funding and benefit arrangements. If both arrangements involved insurance only, we classified the plan as fully insured (discussed below under branch *F4*). However, if the funding or benefit arrangements mentioned a trust or general assets, and fewer than one-half of plan participants (indicated on the main Form 5500) were covered by health insurance (indicated on Schedule A), we classified the plan as mixed-funded.

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premium for the stop-loss protection, and an administrative fee. The employer pays this "level premium" amount, with the potential for some reconciliation between the employer and the insurer at the end of the year, if claims differ significantly from the estimated amount. These policies are sold as self-funded plans, so they generally are not subject to state requirements for insured plans and, for those sold to employers with fewer than 50 employees, are not subject to the rating and essential health benefit requirements in the ACA for small firms. Due to the complexity of the funding (and regulatory status) of these plans, and because employers often pay a monthly amount that resembles a premium, respondents may be confused as to whether or not their health plan was self-funded or insured. In the algorithm, if payments to insurance carriers were within 50% of total payments reported on Schedules A, then a plan is assumed to be a level-funded plan, and thus self-insured. See Kaiser Family Foundation, *Employer Health Benefits, 2023 Annual Survey*, 2023, p. 172 for a larger discussion of level-funded plans.

M2: Evidence of Health Insurance and of a Plan Trust; Trust Payments Not Close to Insurance Premiums

Some plans provided evidence of both health insurance and a plan trust. The trust may serve to funnel insurance premiums to insurance carriers, in which case we generally classified the plan as fully insured (discussed below under branch *F2*). However, if trust payments to insurance carriers differed by more than 20% from insurance premiums, the trust presumably funded self-insured benefits, in which case we classified the plan as mixed-funded.

M3: Evidence of Health Insurance and of a Plan Trust; Substantial Payments Directly to Participants

Some plans provided evidence of health insurance and of a plan trust that listed payments both directly to participants and to insurance carriers. We classified these plans as mixed-funded if payments directly to participants were substantial enough to plausibly reflect health benefit payments. We used the same monetary criterion for determining whether a Schedule A plausibly reflected health insurance ($2,530.50 per participant per year in 2023; see above).[29]

Fully Insured Plans

F1: No Evidence of Health Insurance or of a Plan Trust; No Indicators of Self-Insurance

Some plans provided no evidence of either health insurance or a plan trust. If such plans met the criteria discussed above under branch *S3*, we classified them as self-insured. Otherwise, we classified them as fully insured.

F2: Evidence of Health Insurance and of a Plan Trust; Trust Payments Close to Insurance Premiums

Some fully insured plans used a trust to funnel premiums to insurance carriers. Oftentimes, this applied to plans with multiple contributing parties, such as multiple employer and multiemployer plans. If a plan provided evidence of both health insurance and a plan trust, and trust payments to insurance carriers were within 20% of insurance premiums, we classified the plan as fully insured.[30] An exception existed in the case of substantial trust payments directly to participants; see branch *M3*.

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[29] The per-participant payment calculation may understate the actual average payment to participants in the self-insured component of the plan because it is based on the number of participants as reported on the main Form 5500, which likely overstates the number of participants in the self-insured component of the plan.

[30] To accommodate scenarios in which non-health insurance premiums were paid outside of the trust, the algorithm checks all insurance premiums separately

F3: Evidence of Health Insurance and of a Plan Trust; No Clear Indicators of Self-Insurance or Mixed-Funding

Consider again plans that provided evidence of health insurance and of a plan trust that listed payments both directly to participants and to insurance carriers. Trust payments and insurance premiums may indicate self-insurance (discussed above under branches *S4* and *S5*) or mixed-funding (discussed above under branch *M3*). In the absence of clear indicators of self-insurance or mixed-funding, we classified such plans as fully insured.

F4: Evidence of Health Insurance; No Evidence of a Plan Trust; Funding through Insurance Only or Insurance Covered Most Participants

In principle, when a plan provided evidence of health insurance but not of a trust, we classified it as fully insured. Branch *M1* allows for the possibility that the plan additionally covered some participants in a self-insured plan component. If the plan did not meet the criteria specified under branch *M1*, we classified the plan as fully insured.

While this approach was subject to some data quality issues (further discussed below), we believe it resulted in a meaningful characterization of health plans' funding mechanism.

Issues in Defining Funding Mechanism

The information on the Form 5500 may be incomplete, ambiguous, or inconsistent for some plans with respect to the funding mechanism. Some of the issues affecting the funding mechanism definition were as follows:

- An employer may set up a subsidiary that acts as an in-house or "captive" insurance company or rent an outside "captive" to offer health insurance. These "captive" insurance companies were subject to state regulations regarding insurance companies. Plans purchasing health insurance from a captive insurance company should file a Schedule A, which does not require disclosing that the insurance company is captive. In the classification, such plans would thus be considered fully insured, even though the employer group to which they belong may incur a risk substantially similar to that of a self-insured plan. Since nothing on the Form 5500 permitted the identification of captive insurance companies, we were not able to quantify how frequently this issue arises.
- As explained above, 7.6% of large group health plans contained a combination of both externally insured and self-insured health components in 2023. While the distinction may be clear conceptually, Form 5500 data limitations implied that the health plan as a whole must

from all health insurance premiums. If trust payments were within 20% of either amount, branch *F3* applies.

be categorized as mixed-funded. The issue arises in part because a Form 5500 was required for each plan, not for each type of benefit offered under a plan. Where a plan provided multiple types of welfare benefits or multiple types of health benefit options, it was not always possible to attribute responses to the health benefit component(s) of the filer's welfare plan. Also, a plan may indicate funding benefits through insurance contracts and from general assets without specifying which benefits were funded using which funding type. Separately, Form 5500 data limitations arise from the fact that the Form 5500 does not ask for details about self-insured plan components.

- As noted above, plans may offer self-insured health benefits to some participants and fully insured benefits to others, but the Form 5500 provided little insight about the number of participants in the self-insured component. Reflecting such scenarios, plans may also be classified as mixed-funded if fewer than one-half of plan participants were covered by health insurance contracts. The comparison is less than perfect. First, the number of "persons covered" by insurance contracts, as reported on Schedule A, was inclusive of dependents,[31] whereas the definition of "participant"[32] for Form 5500 explicitly excluded dependents.[33] Second, the total number of people whose benefits were provided through the insurance policy or contract was reported on the Schedule A. However, some of these people were in plans that provide multiple types of benefits, and the participants in those plans may not have selected the health benefit in the plan, opting only for some other benefit.
- The classification may not recognize mixed-funding where only "carve-out services" were covered by insurance. For example, a plan may have purchased insurance coverage for mental health benefits and self-insured other health benefits. Its Form 5500 filing would include a Schedule A with details of the mental health carve-out but might list the benefits provided under the contract as "Health (other than dental or vision)" because there is no separate category for "mental health" benefits on Schedule A as there is for "Dental," "Vision," and "Prescription drugs."
- Among large plans that reported a funding or benefit arrangement through insurance, 0.2% did not file a Schedule A with insurance contract details. Another 0.5% did not file Schedule A for health benefits but filed one or more Schedules A without listing the type of benefit that the insurance contract covered. In such cases, we assumed that the insurance contract provided health benefits.

[31] Although the Schedule A specifically called for filers to enter the approximate number of persons covered, it is our understanding that there were some filers who entered only the number of participants, even if there were more covered persons, such as beneficiaries.

[32] See ERISA section 3(7); the term "participant" means any employee or former employee

[33] See 2023 *Instructions for Form 5500*, available at https://www.dol.gov/sites/dolgov/files/EBSA/employers-and-advisers/plan-administration-and-compliance/reporting-and-filing/form-5500/2023-instructions.pdf, p. 24 and p. 19, respectively

- While sponsors of self-insured plans generally bear the financial risks of health benefits and claims, some self-insured group health plans purchased insurance against particularly large losses (catastrophic or "stop-loss" insurance). Stop-loss coverage generally mitigates financial risks. However, we considered a health plan that had no insurance for health benefits other than stop-loss coverage to be self-insured.

For more details on data anomalies that stood in the way of unambiguous funding mechanism classifications, see the report on *Strengths and Limitations of Form 5500 Filings for Determining the Funding Mechanism of Employer-Provided Group Health Plans.*[34]

[34] Available at https://www.dol.gov/sites/dolgov/files/EBSA/researchers/analysis/health-and-welfare/form-5500-filing-analysis.pdf

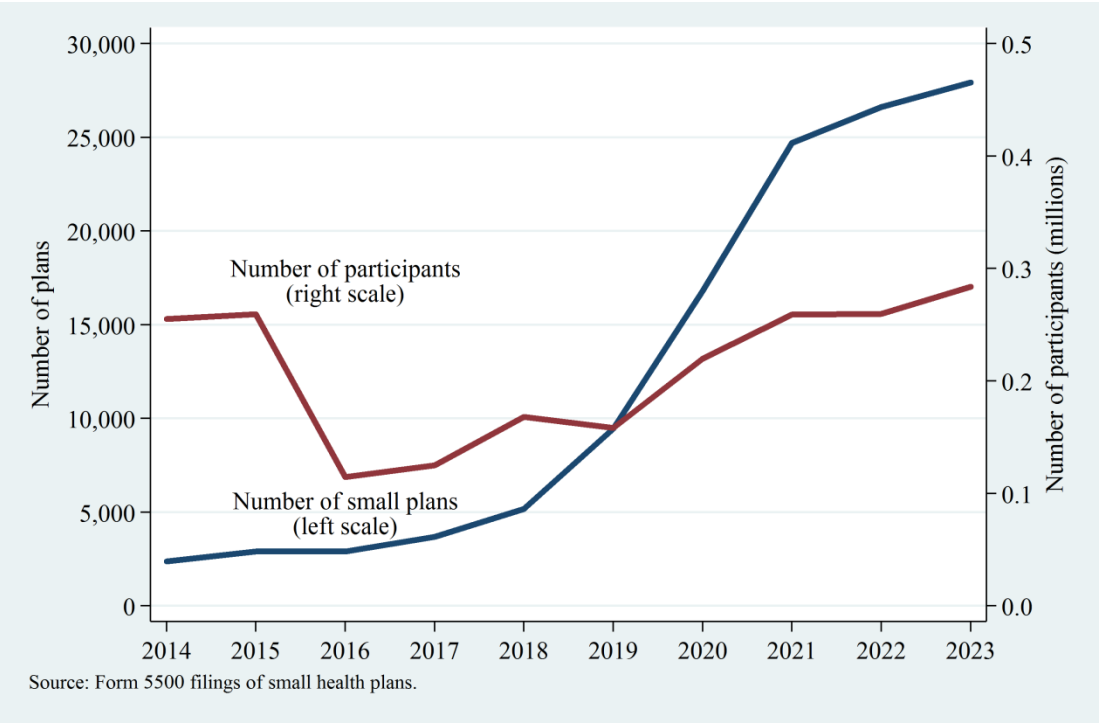
4. SMALL GROUP HEALTH PLANS

In this section, we discuss findings for small group plans (see Section 5 for large plans and Section 6 for GIAs). Small group health plans are those health plans with fewer than 100 participants at the beginning of the year. As discussed above (see Figure 1 and the following text), small group health plans that filed a Form 5500 or 5500-SF are a non-representative subset of all small group health plans in the United States because group health plans with fewer than 100 participants that are not MEWAs generally are required to file a Form 5500 only if they used a trust or a separately maintained fund to hold plan assets (or to act as a conduit for the transfer of plan assets), which is often associated with self-insurance. This analysis does not include "voluntary filers" but only those plans required to file a Form 5500.

Aside from amended filings and filings with zero participants at both the beginning and the end of the reporting period, there were 31,608 filings of small plans that reported covering health benefits in 2023. A filing was excluded if (1) the filing was followed by one or more filings for the same plan for a later period in the same year (1,973 filings in 2023),[35] (2) a Form 5500 was filed even though the plan was exempt from filing because each was a small plan with no plan trust (1,708 filings in 2023), (3) the plan name suggested that it did not offer health benefits that were the subject of the ACA (three filings in 2023), or (4) the filing was submitted as a GIA (two filings in 2023). This section focuses on the remaining 27,922 small plans, of which most (92.3 percent) filed a Form 5500-SF rather than the Form 5500. These remaining small plans covered about 284,000 participants at the end of the plan year. Figure 3 (on page 8), reproduced below as Figure 5, documents the number of small plans and their participants for 2014–2023.

[35] This is a large increase in the number of multiple filings for a single plan compared to 2022, which had only 83 multiple filings for small plans. Upon inspection of the 2023 filings, it appears that many of the multiple filings moved the calendar date of the plan by a few months. Ninety-five percent of the filings dropped for this reason in 2023 were associated with non-plan MEWAs. Because of the consolidation of so many of the small group health plans into arrangements run by a small number of non-plan MEWAs, the decision by a few of these MEWAs to change their plan year can impact a large number of filings. In past years, multiple filings were often associated with a change in the calendar date of the plan year, with the new date being used in subsequent filing years. In rarer cases, a second filing was associated with the plan's "ceased filing" status, as it extended the plan year a few months and then indicated that it would cease to continue. In 2023, some of these multiple filings had indications of this "ceased filing" status. For example, some of them had 0 participants at the end of the year. However, we also identify the "ceased filing" status by the fact that the plan does not file again in the following year.
To observe whether some of the multiple filings in 2023 are in preparation of the closure of a plan, we will need to observe 2024 Form 5500 data, which is not yet available.

Figure 5. Small Health Plans and Participants, by Statistical Year



The blue line in Figure 5 shows the growth in the number of small plans over time.

The rate of growth in small plans fell from 46.9% two years ago (2020 to 2021) to 4.9% between 2022 and 2023, and the number of participants in small plans increased by 9.2% from 2022 to 2023. As Figure 5 shows, prior to 2021, there were several years of more than 40% growth in the number of small plans filing, with growth as high as 80% between 2018 and 2019. Between 2014 and 2023, the rate of increase in the number of plans has been greater than that of the number of participants, indicating that the average size of these small plans is decreasing.

Funding Mechanism

As expected, based on Form 5500 filing requirements, only 0.8% of small plans were classified as fully insured (Table 5), which likely used a trust as a conduit for premium payments. A large majority of plans (98.3%) were self-insured, and 0.9% were mixed-funded.

Table 5. Distribution of Funding Mechanism for Small Plans (2023)

	Small Plans		Participants	
	Number	Percent	Number	Percent
Fully insured	220	0.8%	7,569	2.7%
Mixed	243	0.9%	7,077	2.5%
Self-insured	27,459	98.3%	269,135	94.8%
Total	27,922	100.0%	283,781	100.0%

Source: Form 5500 small health plan filings.

Weighted by plan participants at the end of the plan year, 2.7% of small-plan participants were in a fully insured plan, 94.8% were in a self-insured plan, and 2.5% were in a mixed-funded plan.

To put our analysis in context, consider recent findings on self-insurance according to an external source: the Insurance Component of the Medical Expenditure Panel Survey (MEPS-IC), an annual survey of employers about their health benefit plans.[36] The MEPS-IC survey estimated that 16.3%[37] of private-sector establishments with fewer than 100 employees self-insured at least one plan in 2023. The analogous 2023 figure from Form 5500/Form 5500-SF is 98.3%. This large discrepancy underscores the selective nature of small plans that filed a Form 5500.

Figure 6 shows the funding mechanism distribution for small health plans by statistical year for 2014–2023; see Table 6 and Table 7 for the underlying percentages, plan counts, and participant counts. The fraction of small plans with a self-insured component (self-insured or mixed-funded) generally increased from 91.0% in 2014 to over 99% after 2020. Weighted by participants, the trend was subject to volatility over time because the definition of a small plan is based on having less than 100 employees at the beginning of the year, while counts of participants are at the end of the year, when some plans may have grown significantly.

[36] Agency for Healthcare Research and Quality, https://meps.ahrq.gov/data_stats/summ_tables/insr/national/series_1/2023/ic23_ia_g.pdf.

[37] Agency for Healthcare Research and Quality, https://meps.ahrq.gov/data_stats/summ_tables/insr/national/series_1/2023/ic23_ia_g.pdf. Table I.A.2.a shows the percent of private-sector establishments that offer health insurance that self-insure at least one plan by firm size and selected characteristics: United States. Percentage (standard error) of private-sector establishments that offer health insurance that self-insure at least one plan, overall and by detailed firm size, 2023.

Figure 6. Share of Self-Insurance among Small Plans, by Statistical Year

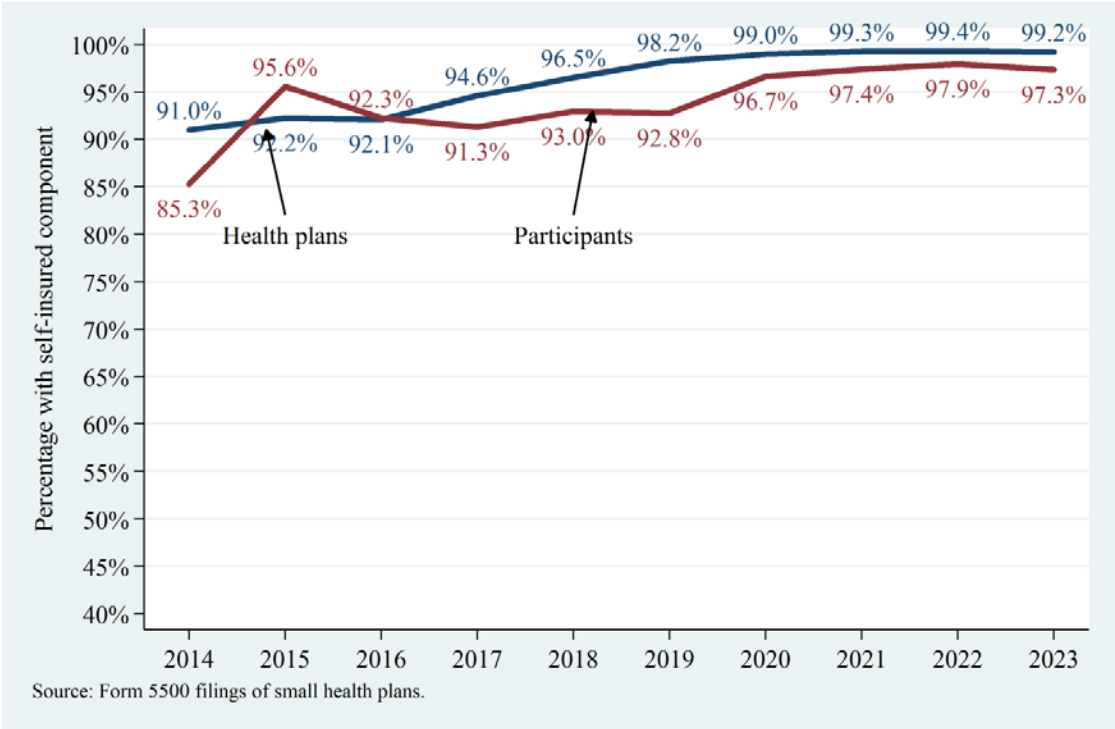


Table 6. Distribution of Funding Mechanism for Small Plans, by Statistical Year

Statistical year	Small Plans			Participants		
	Fully insured	Mixed	Self-insured	Fully insured	Mixed	Self-insured
2014	9.0%	7.6%	83.5%	14.7%	10.8%	74.5%
2015	7.8%	12.1%	80.1%	4.4%	60.7%	34.8%
2016	7.9%	5.7%	86.4%	7.7%	9.8%	82.5%
2017	5.4%	4.5%	90.1%	8.7%	7.3%	84.1%
2018	3.5%	4.1%	92.4%	7.0%	10.4%	82.6%
2019	1.8%	2.8%	95.5%	7.2%	5.3%	87.5%
2020	1.0%	1.7%	97.2%	3.3%	5.4%	91.2%
2021	0.7%	0.6%	98.7%	2.6%	11.9%	85.5%
2022	0.6%	0.7%	98.7%	2.1%	5.0%	92.9%
2023	0.8%	0.9%	98.3%	2.7%	2.5%	94.8%

Source: Form 5500 small health plan filings.
Percentages may not sum to 100% due to rounding.

Table 6 shows an increase in the percentage of mixed-funded plans from 7.6% in 2014 to 12.1% in 2015, and then a decline in 2016. Similarly, the percentage of participants in mixed-funded plans increased by a factor of nearly six in 2015 and then declined to approximately its previous level in 2016. In 2015, 159

small mixed-funded plans entered, making a total of 351 small mixed-funded plans. None of the 159 plans that entered in 2015 appear in the data again, resulting in the one-year jump in mixed-funded plans in 2015. There were two small mixed-funded plans that entered in 2015 that had a large number of participants at the end of the year but then became reclassified as a large plan in 2016, contributing to the jump in the percentage of participants in small mixed-funded plans in 2015, followed by the decline.

Table 7. Number of Small Plans and Their End-of-Year Participants, by Funding Mechanism and Statistical Year

Statistical year	Small Plans			Participants		
	Fully insured	Mixed	Self-insured	Fully insured	Mixed	Self-insured
2014	214	180	1,988	37,488	27,572	189,934
2015	225	351	2,325	11,476	157,612	90,408
2016	229	164	2,507	8,852	11,209	94,447
2017	198	166	3,315	10,841	9,104	105,108
2018	180	213	4,776	11,821	17,435	138,643
2019	167	260	9,023	11,445	8,401	138,399
2020	171	294	16,344	7,358	11,902	200,691
2021	176	150	24,367	6,747	30,879	221,450
2022	171	180	26,255	5,369	13,060	241,369
2023	220	243	27,459	7,569	7,077	269,135

Source: Form 5500 small health plan filings.

We reiterate that the *distribution* of funding mechanisms among small plans that filed a Form 5500 does not reflect that of small plans nationwide because the analysis generally included small plans only if they operated a trust or participated in non-plan MEWAs. If small plans complied with Form 5500 filing requirements, the data does provide information about the *numbers* of small self-insured and mixed-funded plans that operated a trust (Table 7). While we observe trends toward increasing self-insurance in small health plans over time within the Form 5500 data, it is difficult to say whether similar trends are occurring in the general population of small health plans due to the selectivity created by the filing requirements mentioned above. As a result, small plans in the analysis are a non-random subset of small plans nationwide.

The numbers of participants covered by self-insured or mixed-funded small plans need to be interpreted subject to the caveat that participants are counted as of the end of the reporting period, and small plans may cover over 100 participants at the end of the reporting period even though they must have covered less than 100 participants at the start of the year to be classified as small plans.[38] The resulting aggregate participant counts are volatile, as illustrated in Figure 3 and Table 7.

[38] For example, from 2014 to 2023, there were 23,515 new large plans that started the year (BOY) with more than 99 participants. During that same period, there were only 132 new plans that started the year (BOY) with 0 participants that grew to over 199 participants in their "new" year, and only 34 that grew to over 2,000 participants.

Funding Mechanisms by Industry

Table 8 shows the number of small plans and the participants they covered by funding mechanism and industry, as identified by the business code provided on Form 5500 filings. More than half of small self-insured plans and participants were in the services and construction sectors, with manufacturing and finance/insurance/real estate the next largest industries based on plan counts and participants.

Table 8. Number of Small Plans and Their End-of-Year Participants, by Funding Mechanism and Industry (2023)

	Small plans			Participants		
	Fully insured	Mixed-funded	Self-insured	Fully insured	Mixed-funded	Self-insured
Agriculture	2	0	699	69	0	3,013
Communications & information	6	2	736	272	94	6,801
Construction	46	20	3,994	1,402	1,038	42,429
Finance, insurance & real estate	23	20	2,317	1,269	854	33,588
Manufacturing	15	23	2,896	782	954	34,308
Mining	1	0	94	39	0	1,332
Retail trade	2	7	2,068	68	248	18,998
Services	99	157	10,992	2,686	3,052	92,232
Transportation	9	2	801	428	186	8,829
Utilities	3	4	156	74	352	2,892
Wholesale trade	1	6	1,592	17	226	16,338
Misc. organizations	13	2	1,111	463	73	8,288
Industry not reported	0	0	3	0	0	87
Total	220	243	27,459	7,569	7,077	269,135

Source: Form 5500 small health plan filings.

Small Plans by Life Cycle Stage

Table 9 presents the number of plans that were new, established, or ceased filing in each year from 2014 to 2023. Typically, only those small plans that have trusts or MEWAs would file a Form 5500 in a given year. Therefore, these figures could be a reflection of the extent to which small plans are organized as a trust as much as how many new small plans are being offered.

Plans were categorized as follows:

- New—We identified the beginning of a plan's life cycle based on the Form 5500's "first return/report" check box and the plan's effective date. We considered a plan to be new if it checked the "first return/report" box and the start of the reporting period differed by no more than two years from the plan's effective date.[39] In 2023, 5,178 small plans were new.

[39] Some plans never checked the "first return/report" box or did not check it until later in their life cycle. If the box was not checked until, say, the fourth filing, we excluded the earlier filings from the analysis. This is consistent with the plan becoming effective when the "first return/report" box was checked, which we think is the entity's indication that the plan became active. If the box

- Ceased filing—We attempted to capture the end of a plan's life cycle in two ways. First, a plan may have indicated on its Form 5500 that it was terminating, namely by checking the "final return/report" box, by reporting a resolution to terminate the plan, or by documenting that all assets were transferred out of the plan.[40] Second, a plan may stop filing a Form 5500 without the required prior indication. Doing so does not necessarily imply that the plan terminated; it may be non-compliant, or it may have meant to indicate termination but neglected to indicate it in the form. To mitigate this issue, we ignored gaps in filings. Recognizing that some plans in this category have in fact not reached the end of their life cycle, we labeled them as plans that "ceased filing."[41] In 2023, 4,316 small plans fell into this category (including plans that last filed in 2022 without indicating that it was their final filing), down from 4,763 in 2022 as listed in the 2025 Self-Insured Report.[42]

- Established—This category captured the middle of a plan's life cycle. Plans that were neither "new" nor "ceased filing" were labeled "established" plans. In 2023, 19,274 small plans fell into this category (including plans that first filed in 2023 but reported a plan effective date more than two years before the start of the reporting period). The established small plans are up from 2022, which saw 16,825 such plans as listed in the 2025 Self-Insured Report. This is a continuation of the upward trend as can be seen throughout the 10 years listed in Table 9.

It is worth noting that in every year's Self-Insured Report, we reclassify the lifecycle stages of records from previous years based on the newly available data. For example, in the 2025 Self-Insured Report, a plan would be identified as "Ceased Filing" in 2022 because the plan indicated on its Form 5500 that it was terminating. However, if this plan reappeared in the 2023 data, the algorithm would reclassify the plan's lifecycle stage in 2022 as "Established." As a result, this Table is not comparable across Reports.

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was checked in more than one filing, we identified the plan as "new" only for the first filing.

[40] Some plans repeatedly indicated the filing of a final return but continued submitting filings. We ignored indications of plan termination if the plan continued filing in subsequent years. Separately, plans that reported termination on their initial filing were included in both the "new" and "ceased filing" categories.

[41] In terms of timing, if a plan indicated on its 2022 filing that it was terminating, we considered it as having ceased filing in 2022. If a plan submitted filings through 2022 but not in any later year, we considered it as having ceased filing in 2023.

[42] In every year's Self-Insured Report, we reclassify the lifecycle stage status of previous years because the new data each year will change our identification of lifecycle stages for certain plans. For example, in the 2025 Self-Insured Report, a plan was identified as "Ceased Filing" in 2022. In 2023 Form 5500 data, it might show up again. Our algorithm reclassified this plan's status in 2022 to "Established."

Table 9. Number of Small Plans, by Lifecycle Stage and Statistical Year

Statistical year	New	Established	Ceased filing*	Total
2014	300	1,923	221	2,444
2015	594	1,978	475	3,047
2016	518	2,128	426	3,072
2017	1,066	2,379	386	3,831
2018	1,805	3,078	484	5,367
2019	4,780	4,242	687	9,709
2020	7,851	8,300	990	17,141
2021	9,148	13,692	5,027	27,867
2022	6,160	16,941	4,574	27,675
2023	5,178	19,274	4,316	28,768

* Includes plans that last filed the previous year. See text.
Source: Form 5500 small health plan filings.

The number of new plans filing steadily increased from 2017 through 2021. However, the number of new plans filing in 2023, 5,178, is 982 fewer than in the previous year and only about 57% of what it was at its peak, 9,148, in 2021.

Table 9 also shows that, in 2023, 4,316 small plans ceased filing. While lower than in the past two years, the figure for 2023 is over four times the number of plans that ceased filing in 2020 and prior years when at most only 990 small plans ceased filing per year.[43]

Table 10 shows the funding distribution of new small plans in 2023. Of the 5,178 new plans, only 0.2% were fully insured, 0.4% were mixed-funded, and 99.5% were self-insured. The new small plans covered 56,535 participants, of whom 2.3% were in a fully insured plan, 1.6% were in a mixed-funded plan, and 96.1% were in a self-insured plan.

Table 10. Funding Distribution of New Small Plans (2023)

	Small Plans		Participants	
	Number	Percent	Number	Percent
Fully insured	9	0.2%	1,300	2.3%
Mixed	19	0.4%	922	1.6%
Self-insured	5,150	99.5%	54,313	96.1%
Total	5,178	100.0%	56,535	100.0%

Source: Form 5500 small health plan filings.
Percentages may not sum to 100% due to rounding.

[43] Plans are defined as "ceased filing" if they meet either one of two conditions. The first is if they declare their plan filing in year t of their final filing. The second is if they existed in year t but not in year t+1. The total number of small plans filing in a given year does not include the plans in the second category. Therefore, the total number of small plans in a given year in Table 9 exceeds the number of small plan filings in that year.

Stop-Loss Coverage of Small Plans

Table 11 shows the fraction of mixed-funded or self-insured small plans that reported stop-loss coverage. The table is based on the subset of small plans that filed a Form 5500 rather than a Form 5500-SF, as the Form 5500-SF does not ask about stop-loss coverage. The subset represents roughly eight percent of all small plans that filed either a Form 5500 or a Form 5500-SF.

Table 11. Fraction of Small Health Plans Reporting Stop-Loss Coverage, by Funding Mechanism and Statistical Year

Statistical	Small Plans		Participants	
year	Mixed	Self-insured	Mixed	Self-insured
2014	53.3%	23.4%	27.1%	8.8%
2015	70.1%	29.0%	3.7%	27.0%
2016	45.7%	30.7%	32.9%	33.3%
2017	48.8%	33.0%	52.2%	35.7%
2018	37.1%	34.4%	70.8%	28.0%
2019	32.7%	38.6%	45.3%	42.7%
2020	33.0%	41.9%	53.4%	46.0%
2021	69.3%	48.3%	89.9%	60.0%
2022	65.0%	54.2%	33.3%	60.6%
2023	51.0%	58.6%	60.6%	68.2%

Source: Form 5500 small health plan filings.
Reflects stop-loss coverage as reported on Form 5500.

It is important to keep in mind that, in 2023, only 243 small mixed-funded plans and 1,684 small self-insured plans filed a Form 5500, requiring provision of stop-loss information rather than a Form 5500-SF, which does not require that provision.[44] Furthermore, stop-loss information only needs to be included in Form 5500 filings if the stop-loss coverage policy is an asset of the plan (e.g., when the plan itself is the beneficiary of the policy proceeds in the event of a loss, and the premiums are not paid exclusively from the employer's general assets without any employee contributions). The small number of mixed-funded plans may explain the volatility in the percentage of mixed-funded plans reporting stop-loss coverage in Table 11. Subject to the caveat that stop-loss coverage was underreported on Form 5500 filings (see pages 45-46), 51.0% of the 243 small mixed-funded plans and 58.6% of the 1,684 small self-insured plans that filed a Form 5500 indicated having purchased stop-loss coverage in 2023. Through 2020, small mixed-funded plans had become less likely over time to report stop-loss coverage. As discussed above, percentages in 2015 are influenced by an influx of small mixed-funded plans that are seen only in that year. In 2023, the percentage of small mixed-funded plans with stop-loss coverage dropped by about 14 percentage points, making it the second year of decline after a near doubling of that percentage from 2019 to 2021, perhaps reflecting volatility associated with relatively small sample sizes.

[44] The corresponding numbers in the prior year were 180 for mixed-funded small plans and 1,635 for self-insured small plans.

Table 11 also reports participant-weighted rates of stop-loss coverage. Because the determination that a firm is "small" (less than 100 participants) is based on the number of participants at the beginning of the year ("BOY"), but the number of participants for the participant-weighted figures in Table 11 is based on the number of participants at the end of the year ("EOY"), the insuring decisions of a firm that has grown rapidly within a year will receive a heavy weighting in the participant-weighted figure in Table 11. This may explain some of the rapid change over time in the participant-weighted figures in Table 11.

Table 12 shows the annual per-person cost of stop-loss coverage for small plans, calculated as the ratio of premiums to "number of persons covered" by the stop-loss policy on Schedule A—both the premium and the number of people covered thus refer to the stop-loss policy only and not to the overall plan. The numbers are not adjusted for inflation. These results should also be interpreted with caution because the Form 5500 filing contained no information on attachment points or other stop-loss policy features that may reflect the amount of coverage provided by the policies.[45,46]

The median per-person stop-loss premiums for small plans were substantially higher than those for large plans (Table 22), presumably because the volatility of medical expenses is greater for small plans than for large plans. Of course, overall stop-loss premiums and costs may interact with the "attachment points," the dollar amount of claims above which the insurer incurs the responsibility for paying and which are set within plans and may change over time. These attachment points may be evolving differently for small plans than large plans.

[45] Per-person premiums were calculated from the Schedule A that specified stop-loss coverage only or in combination with health benefits. Approximately 12% of such Schedules A (for large plans) specified additional benefits (e.g., prescription drugs in addition to stop-loss and health). The per-person premium may thus reflect stop-loss coverage for benefits in addition to health benefits. Separately, since the analysis is based on "Stop loss (large deductible)" benefits reported on Schedule A, it may include high-deductible health contracts rather than just stop-loss policies. However, when looking at large plans discussed below, even at the 75th percentile, the premium was $1,470 per person per year in 2023 for mixed-funded plans and $2,382 for self-insured plans, well below market rates for high-deductible health plans, suggesting that this potential issue does not substantially affect the results. According to the 2023 KFF Survey, the average premium for single coverage on high-deductible health plans was $8,435 in 2023.

[46] The distributions are calculated over small mixed-funded and self-insured plans that filed a Form 5500 (as opposed to a Form 5500-SF) and reported stop-loss coverage. In 2023, there were 243 and 1,684 such plans, respectively. In 2022, the distributions were calculated based on 180 and 1,635 plans, respectively.

Table 12. Per-Person Annual Premiums for Stop-Loss Coverage (Small Plans)

	Mixed-funded			Self-insured		
Year	25th pct	Median	75th pct	25th pct	Median	75th pct
2014	$1,972	$2,831	$3,715	$1,075	$1,733	$2,439
2015	$1,509	$2,610	$3,715	$900	$1,526	$2,450
2016	$2,556	$3,337	$4,652	$1,108	$2,038	$3,039
2017	$2,328	$3,158	$4,407	$1,198	$2,302	$3,154
2018	$2,441	$3,440	$4,312	$1,394	$2,636	$3,486
2019	$2,509	$3,875	$4,601	$1,622	$2,849	$3,700
2020	$2,387	$3,297	$4,919	$1,718	$2,940	$4,038
2021	$2,657	$3,443	$4,645	$1,575	$2,794	$3,952
2022	$2,825	$3,841	$5,058	$1,680	$3,160	$4,429
2023	$2,648	$3,797	$5,363	$2,221	$3,459	$4,764

Source: Form 5500 small health plan filings.
Reflects stop-loss coverage as reported on Form 5500.

Funding Mechanisms and Financial Metrics

As described above on page 9, we matched the Form 5500 health plan data to Form 990 filings to identify whether a group health plan sponsor was a for-profit or a not-for-profit entity. Among the sponsors of small plans, 6.4% were found to be not-for-profit entities. These plans covered 8.9% of participants. Table 13 shows the number of small plans and the participants covered by for-profit and not-for-profit entities.

Table 13. Number of Small Plans and Their Participants, by Funding Mechanism and For-Profit Status (2023)

	Small plans			Participants		
	Fully insured	Mixed-funded	Self-insured	Fully insured	Mixed-funded	Self-insured
For-profit	197	223	25,707	6,246	6,117	246,082
Not-for-p	23	20	1,752	1,323	960	23,053
Total	220	243	27,459	7,569	7,077	269,135

Source: Form 5500 large health plan filings, Form 990 filings.

Only 28 sponsors of small plans were matched to Bloomberg data. Almost all sponsors that filed multiple health plans are large companies. We did not compare the financial health of fully insured, mixed-funded, and self-insured small plans because of the low number and unusual nature of small-plan sponsors for which financial information was available.

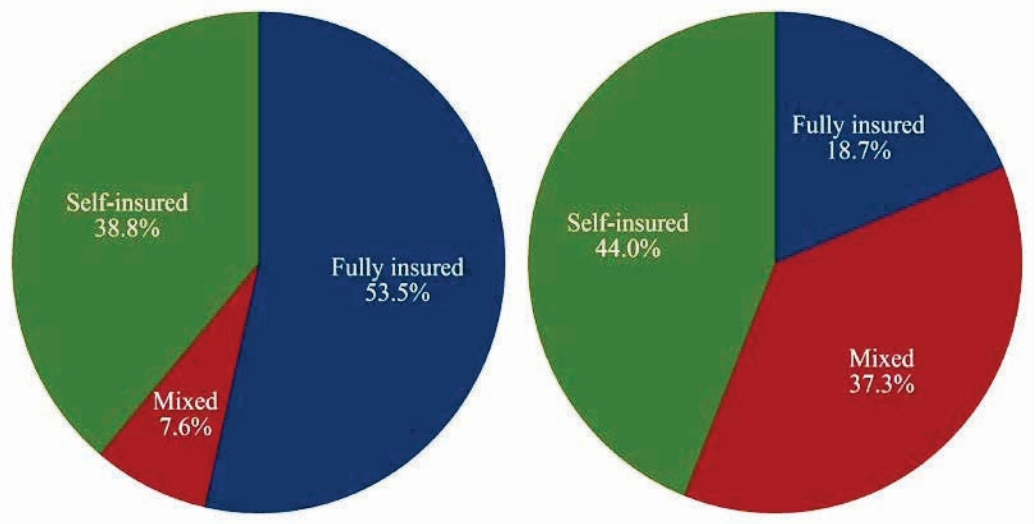
5. LARGE PLAN ANALYSIS

This section documents the findings of our analyses of large group health plans, defined as plans with 100 or more participants at the beginning of the year. We first present the Form 5500 distribution of funding mechanism by plan and plan sponsor characteristics. Next, we follow plan filings over time and document the rates at which plans have switched funding mechanisms. We then discuss stop-loss coverage of self-insured and mixed-funded plans. Finally, we turn to health plan sponsors for which external financial information was available, and we present summary statistics for these sponsors by plan funding mechanism.

Funding Mechanisms for Large Plans and Their Participants

For statistical year 2023, Figure 7 shows the overall distribution of funding mechanisms among the 59,783 large health plans: 53.5% of plans were fully insured, 38.8% were self-insured, and 7.6% were mixed-funded. As shown further below, funding varies by plan size, so the funding distribution across participants is quite different from what it is across plans: 18.7% of the 87.7 million participants were in fully insured plans, 44.0% were in self-insured plans, and 37.3% were in mixed-funded plans.

Figure 7. Distribution by Funding Mechanism (2023)



Large Plans **Participants of Large Plans**

To put our analysis in context, consider recent findings on self-insurance according to an external source: the Insurance Component of the Medical Expenditure Panel Survey (MEPS-IC), an annual survey of employers about their health benefit plans.[47] The findings were not strictly comparable in part because

[47] Agency for Healthcare Research and Quality, https://meps.ahrq.gov/data_stats/summ_tables/insr/national/series_1/2023/ic23_ia_g.pdf, Table I.A.2.a. Percent of private-sector establishments that offer

the unit of observation was an establishment in the MEPS-IC and a plan in the Form 5500 data, and in part because size was measured based on covered employees in the MEPS-IC and plan participants in the Form 5500. That said, the results were similar. According to MEPS-IC estimates, 31.7% of establishments at firms with 100–499 employees self-insured at least one plan in 2023, whereas we found that 35.6% of plans with 100–499 participants were self-insured or mixed-funded in 2023 (calculated from the numbers underlying Table 14 below).

The 2023 MEPS-IC data reports that in firms with 100 to 999 employees, 42.0% of the overall enrollees are in self-insured plans. In the Form 5500 data for plans with 100 to 999 participants, 47.9% of participants are in self-insured or mixed-funded plans. MEPS-IC data for 2023 reports that for entities with more than 1,000 employees, 79.9% of enrollees are in a self-insured plan. In the Form 5500 data, 87.9% of participants in plans with 1,000 or more participants are in self-insured or mixed-funded plans.

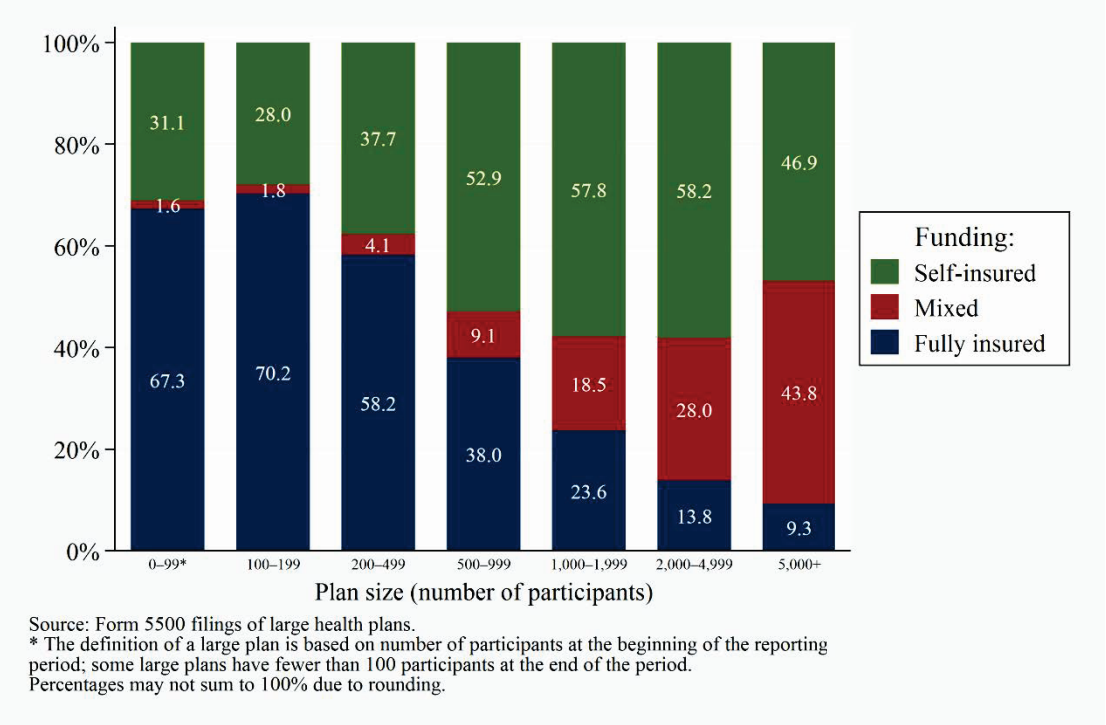
Funding Mechanisms by Plan Size

Figure 8 shows the distribution of funding mechanism by plan size for large health plans in 2023. Among large plans, the likelihood that a plan is self-insured or mixed-funded generally increased with the plan size.[48] The pattern was particularly pronounced for mixed-funded plans, presumably because larger plans may offer multiple benefit options, some of which were fully insured and some of which were self-insured. The share of plans with 5,000 or more participants who were self-insured or mixed-funded was 90.7%, compared with 29.8% among plans with 100–199 participants. Table 14 shows the numbers underlying Figure 8.

health insurance that self-insure at least one plan by firm size and selected characteristics: United States, 2023.

[48] Large plans with 0–99 participants do not fit this pattern. These plans had 100 or more participants at the beginning of the reporting period, but fewer than 100 by the end of the plan year. The category thus reflects a mix of other plan-size categories.

Figure 8. Distribution of Funding Mechanism for Large Plans, by Plan Size (2023)



Source: Form 5500 filings of large health plans.
* The definition of a large plan is based on number of participants at the beginning of the reporting period; some large plans have fewer than 100 participants at the end of the period.
Percentages may not sum to 100% due to rounding.

Table 14. Distribution of Funding Mechanism for Large Plans, by Plan Size (2023)

Participants	Large Plans			Participants		
in plan	Fully insured	Mixed	Self-insured	Fully insured	Mixed	Self-insured
0–99*	67.3%	1.6%	31.1%	71.6%	2.4%	26.0%
100–199	70.2%	1.8%	28.0%	70.0%	1.9%	28.1%
200–499	58.2%	4.1%	37.7%	56.6%	4.4%	39.0%
500–999	38.0%	9.1%	52.9%	37.1%	9.4%	53.5%
1,000–1,999	23.6%	18.5%	57.8%	23.1%	19.3%	57.6%
2,000–4,999	13.8%	28.0%	58.2%	13.1%	29.4%	57.6%
5,000+	9.3%	43.8%	46.9%	10.9%	48.2%	40.9%
All	53.5%	7.6%	38.8%	18.7%	37.3%	44.0%

Source: Form 5500 large health plan filings.
* The definition of a large plan is based on number of participants at the beginning of the reporting period; some large plans have fewer than 100 participants at the end of the period.
Percentages may not sum to 100% due to rounding.

This trend toward self-insured is consistent with the findings of the 2023 KFF Survey,[49] which found that, in 2023, firms with 3-199 employees had 18% of

[49] Kaiser Family Foundation, *Employer Health Benefits, 2023 Annual Survey.* Available at https://files.kff.org/attachment/Employer-Health-Benefits-Survey-2023-Annual-Survey.pdf. The data can be found at https://www.kff.org/report-section/ehbs-2023-section-10-plan-funding/.

covered workers enrolled in self-insured plans, while firms with 1,000 or more employees had 90% of covered workers enrolled in self-insured plans.

Funding Mechanisms by Year

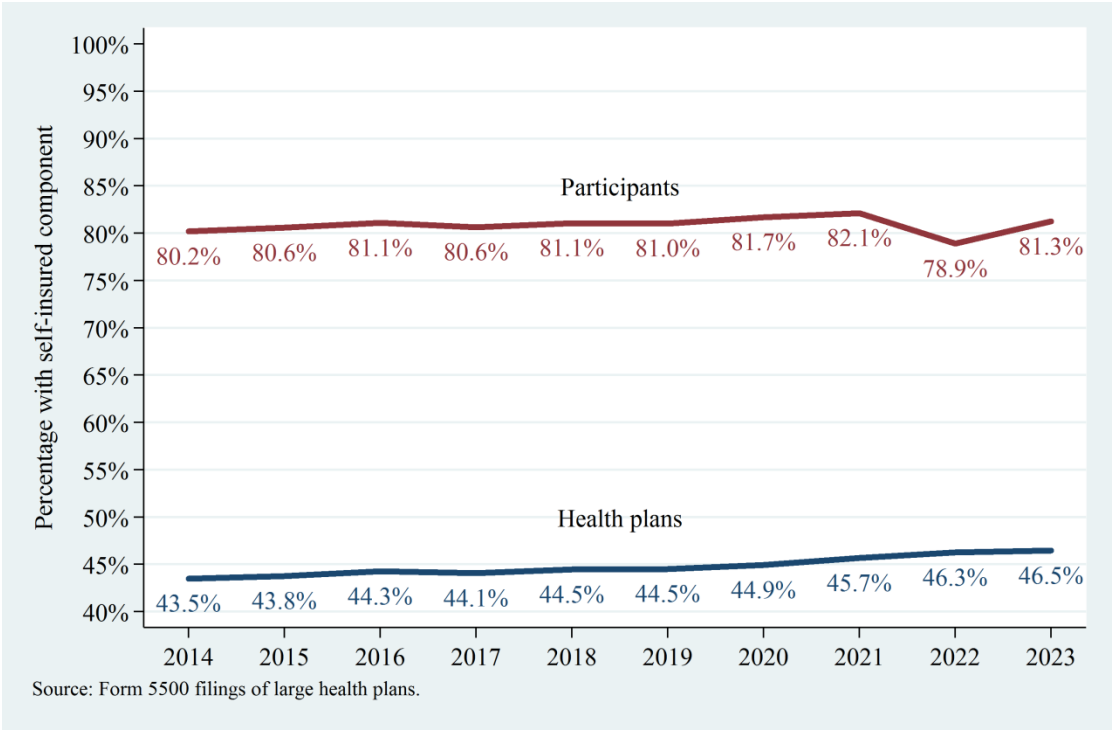
Figure 9 shows the funding mechanism distribution for large health plans by statistical year for 2014–2023; see Table 15 and Table 16 for the underlying percentages, plan counts, and participant counts. The percentage of large plans that were self-insured or mixed-funded (i.e., plans with a self-insured component) generally increased slowly from 43.5% in 2014 to 46.5% in 2023.

The participants in large plans that had some self-insured component increased from 78.9% in 2022 to 81.3% in 2023, nearly recovering the loss in participants from that group which occurred between 2021 and 2022. In 2023, a large plan moved from fully insured to mixed-funded. The decline in the previous year was driven primarily by two large plans that moved from mixed-funded to fully insured, one of which reverted to mixed-funded in 2023 as mentioned above.[50]

The KFF Survey documented a similar, relatively slight increase over the same time period. Thus, the overall trend toward self-insurance among participants—which began well before 2010—appears to have flattened out and perhaps exhibited a slight decline over the last year, based on findings from both this study and the KFF study.

[50] The cut-off for being in the mixed-funded category requires that the total premiums or subscription charges paid to a carrier per capita be at least 30 percent of the average cost of single health coverage in the United States, as reported in the KFF 2023 Annual Survey. In 2023, this 30% cut-off increased by about $57.

Figure 9. Share of Self-Insurance among Large Plans, by Statistical Year



Source: Form 5500 filings of large health plans.

Table 15. Distribution of Funding Mechanism for Large Plans, by Statistical Year

Statistical year	Large Plans			Participants		
	Fully insured	Mixed	Self-insured	Fully insured	Mixed	Self-insured
2014	56.5%	6.8%	36.7%	19.8%	33.6%	46.5%
2015	56.2%	6.7%	37.1%	19.4%	33.9%	46.7%
2016	55.7%	6.8%	37.5%	18.9%	34.9%	46.2%
2017	55.9%	6.7%	37.4%	19.4%	35.0%	45.6%
2018	55.5%	7.0%	37.5%	18.9%	35.9%	45.2%
2019	55.5%	7.0%	37.5%	19.0%	36.0%	45.1%
2020	55.1%	7.2%	37.7%	18.3%	36.8%	44.9%
2021	54.3%	7.6%	38.1%	17.9%	39.5%	42.6%
2022	53.7%	7.8%	38.5%	21.1%	34.7%	44.2%
2023	53.5%	7.6%	38.8%	18.7%	37.3%	44.0%

Source: Form 5500 large health plan filings.
Percentages may not sum to 100% due to rounding.

Table 16. Number of Large Plans and Their Participants, by Funding Mechanism and Statistical Year

Statistical year	Plans			Participants (millions)		
	Fully insured	Mixed	Self-insured	Fully insured	Mixed	Self-insured
2014	27,549	3,330	17,880	13.9	23.6	32.7
2015	28,706	3,423	18,928	14.0	24.4	33.7
2016	29,409	3,597	19,763	14.0	25.8	34.2
2017	30,246	3,601	20,224	14.6	26.3	34.3
2018	30,740	3,877	20,744	14.6	27.8	35.0
2019	31,261	3,929	21,158	15.0	28.4	35.5
2020	31,527	4,128	21,590	14.3	28.8	35.1
2021	31,027	4,352	21,734	15.0	33.2	35.8
2022	31,315	4,539	22,436	18.3	30.1	38.3
2023	32,005	4,565	23,213	16.4	32.7	38.6

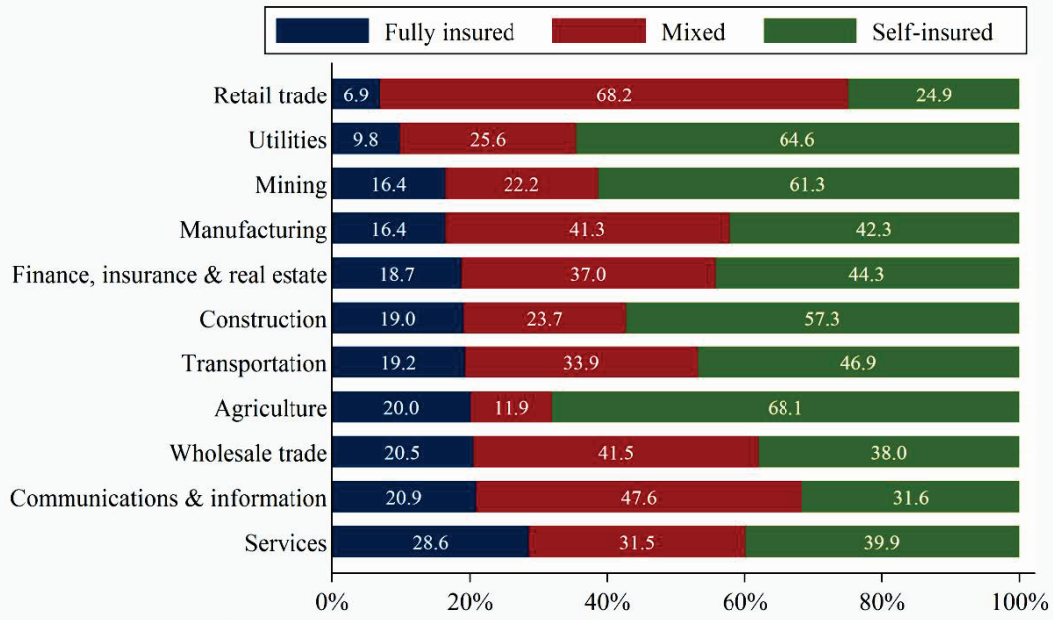
Source: Form 5500 large health plan filings.

Funding Mechanisms by Industry

Figure 10 shows the participant-weighted distribution of funding mechanism by industry for large plans, as identified by the business code provided on Form 5500 filings. Participants in the retail and utilities sectors were the most likely to be in a mixed-funded or self-insured large plan, whereas those in the services and communications & information industries were the most likely to be in a fully insured large plan. The smallest proportion of participants in fully insured plans, 6.9%, was in the retail sector. The largest proportion of participants in fully insured plans, accounting for 28.6% of participants, was in the services sector. Some of the relationships between funding mechanism and industry may be due to variation across industries in health plan sizes, but differences across sectors remained after controlling for plan size. A notable change from 2022 was in the retail trade sector where the participant-weighted percentage of fully insured plans fell from 23.9% to 6.9%.[51]

[51] Contributing to this shift in 2023 was the change of one large retail trade sector firm that increased its per participant payments to a trust or direct to patients above the threshold value and therefore was reclassified from fully insured to mixed-funded.

Figure 10. Participant-Weighted Distribution of Funding Mechanism, by Industry for Large Plans (2023)



Source: Form 5500 filings of large health plans.
Percentages may not sum to 100% due to rounding.

Funding Mechanisms over the Life Cycle of Plans

Figure 9, above, shows the aggregate trends in self-insured plans and participants for large group health plans over time. It does not show the temporal pattern of the switching among funding types of individual plans. Next, we turn to the switching behavior of large plans between funding mechanisms.[52]

To understand what drives changes in the funding mechanisms over time, we distinguish between new plans, established plans, and plans that have terminated in the current data year. For example, it is possible that observed trends in self-insured plans and participants were heavily influenced by an influx of new plans that have a different mix of funding compared to existing plans and/or plans that ceased filing in a given year. Alternatively, it could be that plans which ceased filing were predominantly of one funding type, which would mean that as these plans left the observed population of plans in the 2023 data, the share of their type of funding would fall. The categorization of plans is detailed above in the section covering small plans. The analysis was somewhat

[52] For the life cycle perspective in this section, we follow filings of individual plans over time. Plans' life cycle status is based on all filings, including voluntary filings and prior filings in the same year. A plan is uniquely identified by the EIN of its sponsor and a plan number (PN). Some EIN/PN combinations appear to have been used for more than one plan. As in our prior reports, the analysis in the life cycle portion of this report excludes all filings of such EIN/PN combinations.

hampered by the fact that some Form 5500 filings contained incomplete information about the beginning and end of plans' lives. As with the small plans, the following describes the categorization of plans and the numbers of plans in these categories:

- *New*—We identified the beginning of a plan's life cycle based on the Form 5500's "first return/report" check box and the plan's effective date. We considered a plan to be new if it checked the "first return/report" box and the start of the reporting period differed by no more than two years from the plan's effective date.[53] In 2023, 3,195 large plans were new.
- *Ceased filing*—We attempted to capture the end of a plan's life cycle in two ways. First, a plan may have indicated on its Form 5500 that it was terminating, namely by checking the "final return/report" box, by reporting a resolution to terminate the plan, or by documenting that all assets were transferred out of the plan.[54] Second, a plan may stop filing a Form 5500 without the required prior indication. Doing so does not necessarily imply that the plan terminated; it may be non-compliant, or it may have shrunk and become exempt but incorrectly neglected to note this by writing "4R" on Line 8b of the Form 5500. To mitigate this issue, we do not view a plan as terminated if it misses filing for one or more years and then appears again in the filings in a later year. Similarly, we do not view a plan as new if it filed again after missing a number of years since its previous filing. Recognizing that some plans in this category have in fact not reached the end of their life cycle, we labeled them as plans that "ceased filing."[55] In 2023, 5,120 large plans fell into this category (including plans that last filed in 2022 without indicating that it was their final filing), up slightly from 5,052 in 2022.
- *Established*—This category captured the middle of a plan's life cycle. Plans that were neither "new" nor "ceased filing" were labeled "established" plans. In 2023, 54,348 large plans fell into this category (including plans that first filed in 2023 but reported a plan effective date more than two years before the start of the reporting period). The established large plans are up slightly from 2022, which saw 52,912 such plans.

[53] Some plans never checked the "first return/report" box or did not check it until later in their life cycle. If the box was not checked until, say, the fourth filing, we excluded the earlier filings from the analysis. This is consistent with the plan becoming effective when the "first return/report" box was checked, which we think is the entity's indication that the plan became active. If the box was checked in more than one filing, we identified the plan as "new" only for the first filing.

[54] Some plans repeatedly indicated the filing of a final return but continued submitting filings. We ignored indications of a plan termination if the plan continued filing in subsequent years. Separately, plans that reported termination on their initial filing were included in both the "new" and "ceased filing" categories (see Figure 11 below).

[55] In terms of timing, if a plan indicated on its 2022 filing that it was terminating, we considered it as having ceased filing in 2022. If a plan submitted filings through 2022 but not in any later year, we considered it as having ceased filing in 2023.

Table 17 shows the funding distribution of new large plans in 2023. Of the 3,195 new plans, 72.3% were fully insured, 3.7% were mixed-funded, and 24.0% were self-insured. The new plans covered just under one million participants, of whom 51.7% were in a fully insured plan, 14.0% were in a mixed-funded plan, and 34.3% were in a self-insured plan. This reflects a 5-point reduction in the percentage of participants covered under new, large plans that have some self-insured component over that observed in 2022.

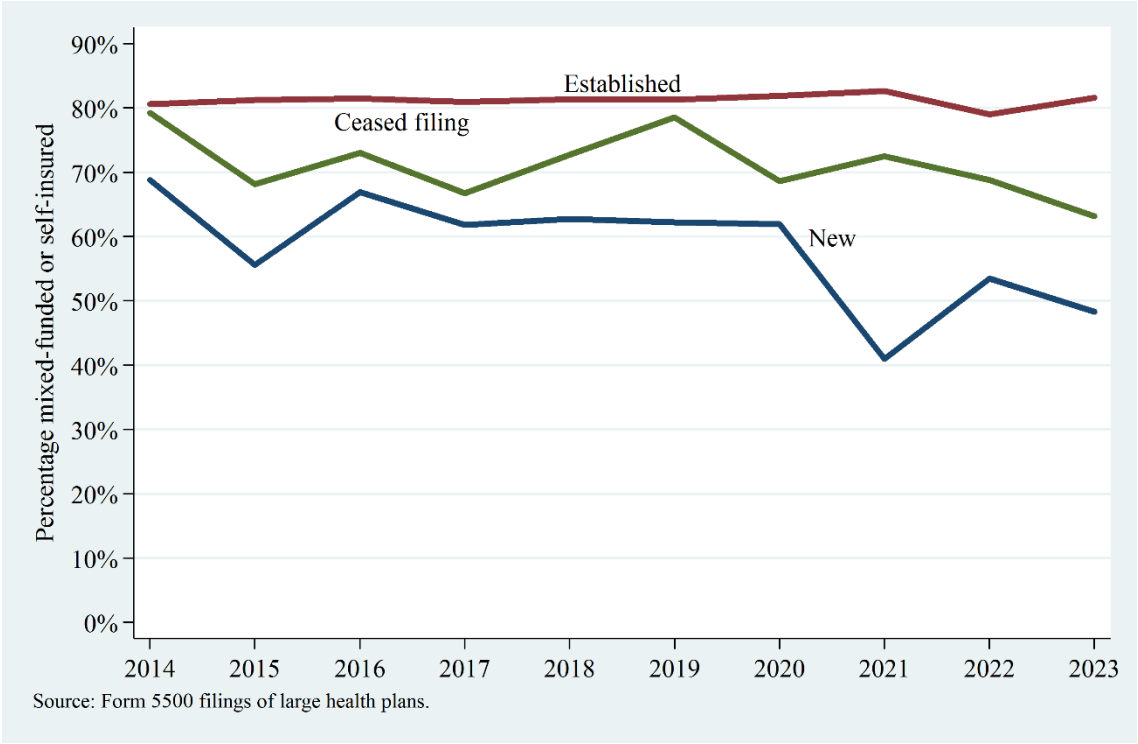
Table 17. Funding Distribution of New Large Plans (2023)

	Large Plans		Participants	
	Number	Percent	Number (millions)	Percent
Fully insured	2,310	72.3%	0.51	51.7%
Mixed	118	3.7%	0.14	14.0%
Self-insured	767	24.0%	0.34	34.3%
Total	3,195	100.0%	0.99	100.0%

Source: Form 5500 large health plan filings.

Figure 11 shows the percentage of participants who were covered by a mixed-funded or self-insured large plan, by plan life cycle stage from 2014 to 2023. Participants in new large plans were generally less likely to be in mixed-funded or self-insured large plans than those in established large plans or large plans that ceased filing. If large plans never switched funding mechanisms, this should drive down the overall fraction of participants in large plans with a self-insured component, other things equal. However, the percentage of participants in large plans with some component of self-insurance has been relatively stable over the past 10 years, indicating that participants are being switched to plans containing some form of self-insurance as plans age out of being "new," with the possible exception of the decrease in 2022 and the increase in 2023. As discussed above, in 2022, there were two large plans that transitioned from mixed-funded to fully insured, and one of them shifted back to mixed-funded in 2023.

Figure 11. Participant-Weighted Percentage Mixed-Funded or Self-Insured among Large New Plans, Established Plans, and Plans That Ceased Filing, by Statistical Year



Source: Form 5500 filings of large health plans.

Before turning to switching patterns, consider that most participants were covered by very large health plans (Table 1 and Table 18). As Table 18 shows, among the new plans from 2019 through 2023, only 0.8% covered 5,000 or more participants, but those plans covering 5,000 or more participants accounted for 32.1% of participants in all new large plans.[56] Among established plans, 66.1% of participants were in plans with 5,000 or more participants. The behavior of plans with more than 5,000 participants is therefore key to understanding participant-weighted trends in funding.

[56] A manual review indicated that such plans commonly were successor plans to prior plans that were replaced or consolidated, for instance after a corporate merger. Likewise, plans that ceased filing may have been replaced with other plans and secured continuing health benefit coverage for their participants.

Table 18. Distribution of Large Health Plans and Plan Participants, by Plan Participant Counts (2019-2023)

Participants	New Plans		Established Plans		Plans That Ceased Filing	
in plan	Plans	Participants	Plans	Participants	Plans	Participants
0-99*	9.3%	1.1%	2.8%	0.1%	43.7%	3.1%
100–199	56.5%	19.4%	34.1%	3.3%	27.6%	9.8%
200–499	23.8%	17.6%	33.1%	6.8%	17.6%	13.7%
500–999	5.4%	9.4%	13.1%	6.0%	5.6%	9.8%
1,000–1,999	2.9%	9.8%	7.5%	6.9%	2.8%	10.0%
2,000–4,999	1.3%	10.5%	5.3%	10.7%	1.7%	12.7%
5,000+	0.8%	32.1%	4.2%	66.1%	1.0%	40.8%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Form 5500 large health plan filings.

* The definition of a large plan is based on number of participants at the beginning of the reporting period; some large plans have fewer than 100 participants at the end of the period. Percentages may not sum to 100% due to rounding.

Table 19 shows the *annual rate* of funding mechanism switching among the subset of new and established large plans between 2019 and 2023. Overall, 6.7% of new large plans that started as fully insured switched to mixed-funded or self-insured during the following reporting period. However, new large plans of larger size (more than 500 participants at EOY[57]) were much more likely to make that switch than smaller new large plans (less than 500 participants at EOY).

For example, 21.1% of fully insured new plans with 5,000 or more participants at EOY changed their funding mechanism to mixed or self-insured in the following year. In contrast, for fully insured new plans with fewer than 100 participants, only 4.9% made this funding mechanism change. Conversely, between 2019 and 2023, the new large plans of smaller size that were mixed-funded or self-insured were more likely to switch to fully insured in their second year, compared to their larger counterparts.

A similar pattern existed among established large plans. During the same time period (2019-2023), established large plans of larger size that were fully insured at year t-1 were more likely to switch to mixed or self-insured in year t than the large plans of smaller size,[58] and established large plans of smaller size at year t-1 that were mixed or self-insured were more likely to switch to fully insured in year t than the large plans of larger size. Since most participants were in very large plans, the implication was that, on net, participants in both new and established large plans migrated to mixed-funded or self-insured.

[57] EOY means the end of reporting year.

[58] In Table 19, only plans with filing records for any year between 2019 and 2023 are included. However, the calculation of funding mechanism changes is based on data from 2018 to 2023. This is because, to identify a plan's funding mechanism change, we use its funding mechanism and life stage from the previous year (year t-1) and compare it to the funding mechanism in the current year (year t). For plans with records starting in 2019, we need their 2018 records to complete the identification process.

Table 19. Annual Rates of Funding Switching among New and Established Large Plans, by Plan Size (2019-2023)

Plan participants	New Plans		Established Plans	
	Switch to mixed or self-insured	Switch to fully insured	Switch to mixed or self-insured	Switch to fully insured
0-99*	4.9%	16.4%	5.3%	13.5%
100–199	5.6%	14.3%	4.6%	7.8%
200–499	7.7%	11.2%	6.4%	5.1%
500–999	10.3%	5.8%	10.0%	3.0%
1,000–1,999	16.6%	2.6%	12.6%	1.7%
2,000–4,999	14.0%	4.8%	17.1%	1.3%
5,000+	21.1%	0.9%	15.1%	1.1%
Total	6.7%	10.8%	6.4%	4.4%

Source: Form 5500 large health plan filings.

* The definition of a large plan is based on number of participants at the beginning of the reporting period; some large plans have fewer than 100 participants at the end of the period.

Rates are conditional on the appropriate universe. For example, the denominator for the first column is fully insured new plans.

As detailed in Figure 4, the classification of a plan's funding mechanism includes both characteristics chosen by those establishing the plan, such as whether the plan has a related trust and/or insurance, and characteristics that evolve during the plan year. An example of one of these evolving plan characteristics is the ratio of the plan's trust payments to their total insurance payments or total health insurance payments. At one decision point in Figure 4, if this ratio of trust to insurance payments is over 20%, the plan is categorized as mixed-funded. Otherwise, it is categorized as fully insured. This means that a plan's funding assignment potentially switched repeatedly between fully insured to mixed-funded in consecutive years, simply because the health demands of its participants changed from year to year, causing the plan to cross back and forth across this 20% threshold.

We performed a series of tests to determine whether alternative thresholds, such as 10% or 30%, used in the algorithm to assign plans had a material impact on the volume of plans switching between assigned funding mechanisms. The results of these tests showed that, first, a small percentage of plans repeatedly switched between funding mechanisms. Second, those plans that did switch repeatedly often did so because they changed the forms they filed or the amount of insurance they purchased rather than because a change in the amount of trust payments caused the plan to cross the 20% trust-to-insurance ratio. Third, they demonstrated that changing the threshold in the algorithm from 20% to values between 10% and 30% had little overall effect on the number of plans switching from one funding plan to another in a given year, even though it would impact which funding mechanism some plans were assigned.

Rates at which plans ceased filing also varied by plan size (Table 20), with very large plans generally less likely to stop filing than smaller plans in 2019–2023.[59] Among plans with 5,000 or more participants, fully insured new plans ceased filing at a higher rate than mixed-funded or self-insured plans. But for established plans with over 5,000 participants, the rate at which plans ceased filing was nearly the same for fully insured and those with some self-insurance.

Table 20. Annual Rates at which New and Established Large Plans Ceased Filing, by Plan Size (2019-2023)

	New Plans		Established Plans	
BOY plan participants	Mixed or self-insured	Fully insured	Mixed or self-insured	Fully insured
100–199	20.7%	19.1%	10.6%	10.7%
200–499	11.2%	12.0%	6.5%	6.5%
500–999	10.9%	12.8%	5.0%	5.3%
1,000–1,999	9.7%	9.9%	4.9%	5.5%
2,000–4,999	11.2%	15.8%	3.9%	4.7%
5,000+	7.8%	9.5%	3.1%	3.1%
Total	15.5%	16.9%	6.4%	8.3%

Source: Form 5500 large health plan filings.

In conclusion, large plans that existed between 2019 and 2023 on net switched away from being fully insured. Large established fully insured plans were slightly more likely to cease filing than large established mixed-funded or self-insured plans. The overall result was to increase the share of participants in plans with some element of self-insurance from 78.9% to 81.3% between 2022 and 2023.

Stop-Loss Coverage of Large Plans

Table 21 examines the presence of stop-loss coverage for large plans. However, these figures must be interpreted with caution. First, stop-loss coverage only needs to be reported on the Form 5500 Schedule A if the health plan is the beneficiary and/or the insurance was purchased with plan assets.[60] Accordingly, if the employer/sponsor purchased stop-loss coverage with itself as the beneficiary (rather than the plan), it does not need to be reported on the Form 5500. Second, Table 21 is based on the "Stop loss (large deductible)" benefit type reported on Schedule A, but that benefit type may reflect a health insurance contract with a high deductible rather than stop-loss coverage. External studies indicate that Table 21 understates the prevalence of stop-loss coverage.[61]

[59] Given the focus on the end of the life cycle, Table 20 lists plans by the number of participants at the beginning (rather than the end) of the reporting period. The majority of large plans that covered fewer than 100 participants at the end of the reporting period ceased filing (not shown), which likely was reverse causality (i.e., plans tend to shrink as they prepare to close).

[60] The analysis of stop-loss coverage excludes Form 5500-SF filings because Schedule A was not required to be attached to the Form 5500-SF.

[61] AACG, *Anomalies in Form 5500 Filings: Lessons from Supplemental Data for Group Health Plan Funding*, 2012. AACG's report shows that as many as four out

Table 21. Percentage of Large Health Plans Reporting Stop-Loss Coverage by Funding Mechanism and Statistical Year

Statistical	Large Plans		Participants	
year	Mixed	Self-insured	Mixed	Self-insured
2014	18.2%	26.2%	14.7%	19.5%
2015	18.8%	25.4%	15.5%	19.4%
2016	18.9%	24.7%	15.5%	19.1%
2017	18.6%	23.2%	15.7%	18.6%
2018	17.3%	22.6%	13.8%	18.9%
2019	17.3%	22.2%	14.4%	18.5%
2020	16.9%	21.8%	8.7%	17.8%
2021	16.4%	21.2%	14.8%	17.1%
2022	14.8%	20.7%	9.6%	16.6%
2023	14.3%	19.9%	14.1%	11.8%

Source: Form 5500 large health plan filings.
Reflects stop-loss coverage as reported on Form 5500.

In 2023, 14.3% of mixed-funded and 19.9% of self-insured large plans reported stop-loss coverage on a Schedule A, down from 2014 rates of 18.2% and 26.2%, respectively. Weighted by the number of participants, 14.1% of mixed-funded and 11.8% of self-insured large plans reported stop-loss coverage for 2023.[62,63]

of five self-insured or mixed-funded plans and roughly 55% of participants in such plans were covered by stop-loss coverage, possibly purchased for the benefit of the plan sponsor. These stop-loss coverage levels are consistent with those in the 2013 KFF/HRET study. More recent KFF studies (2023 Employer Health Benefits Survey) documented that, in larger firms, 59% of participants in self-funded plans were in a plan that had purchased stop-loss coverage in 2018, and that figure was 67% in 2023. We note that stop-loss coverage reported on a Form 5500 filing does not necessarily relate to health benefits but could protect other self-insured benefits, such as disability benefits.

[62] The annual KFF Survey collects information about stop-loss coverage, including for the benefit of the plan sponsor. From the KFF 2023 Employer Health Benefits Survey, weighted by workers covered by self-insured health plans, for large firms, stop-loss coverage was 67% in 2023. For smaller firms in that group (200-999 workers), stop-loss coverage was 92% in 2023.

[63] The changes between 2019 and 2023 in Table 21 primarily are driven by changes in the designated funding mechanism of a small number of large plans. Between 2019 and 2020, a single large mixed-funded plan with more than 1.5 million participants stopped reporting stop-loss coverage, contributing to the fall of the percentage of large mixed-funded plans with stop-loss coverage to 8.7%, but then restarted reporting stop-loss coverage in 2021, pushing that percentage to 14.8%. In 2022, the same plan switched from mixed-funded to fully insured, contributing to the decline in mixed-funded participants in plans with stop-loss coverage, which was 9.6% in 2022. In 2023, this same large plan switched back from fully insured to mixed-funded. Also in 2023, a different large self-insured plan dropped its stop-loss coverage, contributing to the large

Table 22 shows the annual per-person cost for large plans of stop-loss coverage, calculated as the ratio of premiums to "number of persons covered" by the stop-loss policy on Schedule A—both the premium and the number of people covered thus refer to the stop-loss policy only and not to the overall plan. The numbers are not adjusted for inflation. These results should also be interpreted with caution because the Form 5500 filing contained no information on attachment points or other stop-loss policy features that may reflect the amount of coverage provided by the policies.[64]

Table 22. Per-Person Annual Premiums for Stop-Loss Coverage (Large Plans)

	Mixed-funded			Self-insured		
Year	25th pct	Median	75th pct	25th pct	Median	75th pct
2014	$186	$444	$921	$302	$685	$1,234
2015	$227	$470	$930	$334	$730	$1,301
2016	$219	$524	$993	$337	$774	$1,408
2017	$235	$529	$982	$370	$836	$1,503
2018	$246	$548	$1,103	$414	$897	$1,601
2019	$300	$611	$1,191	$437	$989	$1,736
2020	$300	$641	$1,331	$493	$1,077	$1,901
2021	$314	$702	$1,383	$523	$1,133	$1,980
2022	$308	$762	$1,453	$561	$1,193	$2,135
2023	$324	$765	$1,470	$639	$1,333	$2,382

Source: Form 5500 large health plan filings.
Reflects stop-loss coverage as reported on Form 5500.

Figure 12 shows the rate of stop-loss coverage among large self-insured plans by plan size at the end of the year.[65] The likelihood of a plan having stop-loss

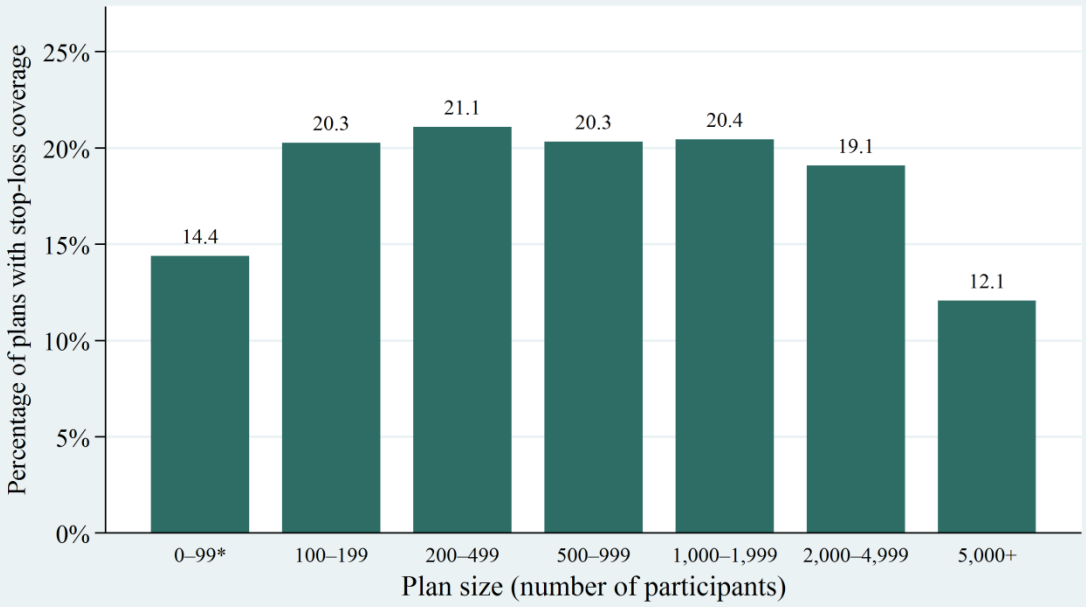
decline in the percentage of participants in self-insured plans with stop-loss coverage in 2023.

[64] Per-person premiums were calculated from Schedules A that specified stop-loss coverage only or in combination with health benefits. Approximately 12% of such Schedules A specified additional benefits (e.g., prescription drugs in addition to stop-loss and health). The per-person premium may thus reflect stop-loss coverage for benefits in addition to health benefits. Separately, since the analysis is based on "Stop loss (large deductible)" benefits reported on Schedule A, it may include high-deductible health contracts rather than just stop-loss policies. However, even at the 75th percentile, the average premium, $1,470 per person per year in 2023, was well below market rates for high-deductible health plans, suggesting that this potential issue does not substantially affect the results. According to the 2023 KFF Survey, the average premium for single coverage on high-deductible health plans was $8,435 in 2023.

[65] The determination of whether to purchase stop-loss coverage may be influenced by both the plan sponsor's knowledge of what the plan size is likely to be by the end of the year and the participant counts at the beginning of the year.

coverage increased with plan size, measured at the end of the year, up to 500–999 participants, and decreased with plan size among larger plans. Lower stop-loss coverage for smaller plans was not consistent with the notion that smaller plans faced greater financial risks and should thus be more likely to purchase stop-loss coverage. Part of the explanation may relate to the fact that stop-loss coverage with the plan sponsor (rather than the plan) as beneficiary need not be reported on Form 5500; smaller employers may be more likely than larger employers to designate the plan sponsor as the beneficiary. The lower prevalence of stop-loss coverage among smaller large plans may also reflect market realities: insurance companies may not offer stop-loss coverage to small employers, or they may offer it only at very high prices. The 2023 KFF Survey also documented lower stop-loss coverage rates among very large plans than among mid-sized plans.[66]

Figure 12. Self-Insured Large Health Plans' Rate of Stop-Loss Coverage, by Plan Size (2023)



Source: Form 5500 filings of large health plans.
Reflects stop-loss coverage as reported on Form 5500; see text.
* The definition of a large plan is based on number of participants at the beginning of the reporting period; some large plans have fewer than 100 participants at the end of the period.

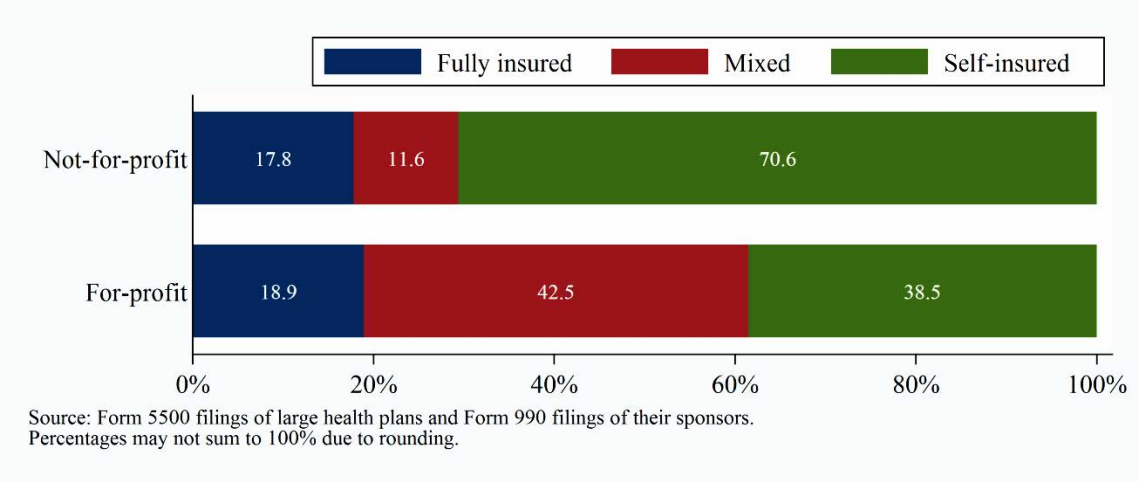
Funding Mechanisms and Financial Metrics

As described above, we matched the Form 5500 health plan data to Form 990 filings to identify whether a health plan sponsor was a for-profit or a not-for-profit entity. We found that about one in six large plans (16.2%) were sponsored by a not-for-profit entity. These not-for-profit plans also covered approximately one in six of all participants (17.0%). Figure 13 presents the

[66] Kaiser Family Foundation, 2023 Employer Health Benefits Survey, 2023, Figure 10.9. Available at https://files.kff.org/attachment/Employer-Health-Benefits-Survey-2023-Annual-Survey.pdf.

participant-weighted breakdown in funding status for for-profit and not-for-profit firms. For-profits had 18.9% of participants in fully insured plans, while not-for-profits had 17.8%. They differed mostly in mixed-funded and self-insured plans: 70.6% of participants in not-for-profit entity plans were covered by a self-insured plan, compared with 38.5% of participants in for-profit firms' plans. Conversely, mixed-funded plans were far less prevalent at not-for-profit entities than at for-profit firms.

Figure 13. Participant-Weighted Distribution of Funding Mechanism, by For-Profit and Not-for-Profit Sponsors of Large Plans (2023)



Source: Form 5500 filings of large health plans and Form 990 filings of their sponsors.
Percentages may not sum to 100% due to rounding.

Focusing on the subset of Form 5500 large health plan filers that were matched to financial information in Bloomberg, Table 23 presents 2023 information about company size as measured by revenue, market capitalization, profit, and number of employees (and the number of observations on which each calculation is based). The table shows that, among these large firms that tend to be publicly traded, companies offering fully insured health plans tended to be smaller than companies with self-insured or mixed-funded health plans. Companies offering mixed-funded health plans tended to be the largest.

Table 23. Characteristics of Companies Matched to Form 5500 Health Plan Filings, by Funding Mechanism (2023)

		All	Fully insured	Mixed	Self-insured
Revenue ($ millions)	25 pct	550	139	2,060	769
	Median	2,610	511	5,920	2,830
	75 pct	13,700	2,890	19,700	14,700
	# Obs	3,366	893	971	1,502
Market capitalization ($ millions)	25 pct	854	260	2,780	1,040
	Median	4,410	1,160	8,990	4,590
	75 pct	22,000	6,630	39,500	23,100
	# Obs	3,126	836	922	1,368
Profit ($ millions)	25 pct	-4	-52	25	18
	Median	148	10	348	216
	75 pct	1,010	211	1,690	1,170
	# Obs	3,263	882	949	1,432
Number of employees	25 pct	1,335	331	4,505	1,840
	Median	6,245	1,026	13,800	6,481
	75 pct	27,037	8,078	47,700	27,200
	# Obs	3,033	775	908	1,350

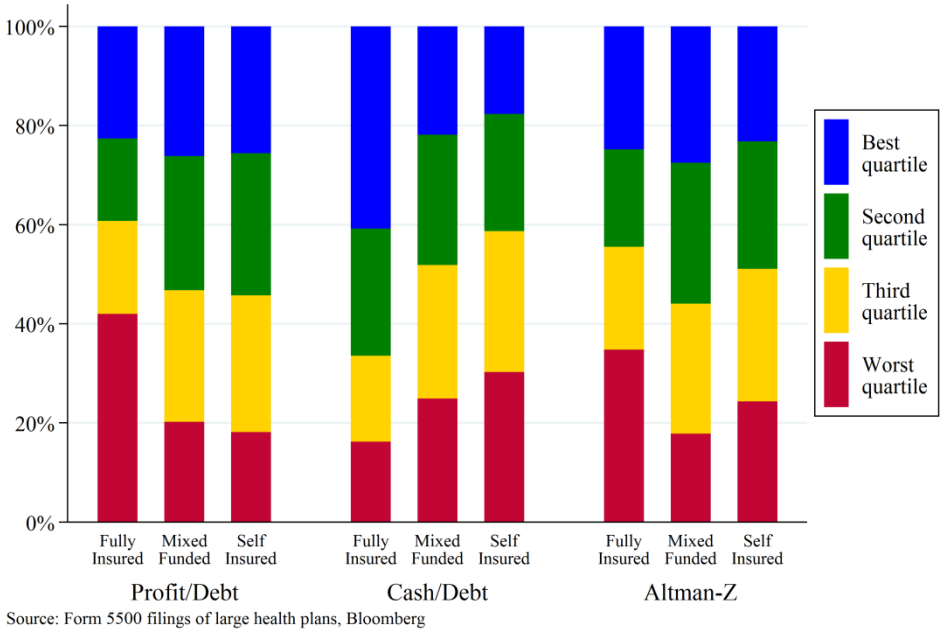
Source: Form 5500 large health plan filings and Bloomberg data.

Figure 14 presents three metrics of the financial health of matched companies: the ratio of profit to total debt, the ratio of cash and cash equivalents holdings to total debt, and the Altman Z-Score.[67] Across the three metrics and based on the approximately 5.7% of the health plans for which we could match financial data, the results are mixed. For all three, higher values are often considered an indicator of better financial health.

We grouped all matched plans into quartiles. Figure 14 shows the share of fully insured, mixed-funded, and self-insured large plans in each quartile. The three financial metrics provide a mixed picture. Consider first the ratio of profit to total debt. If financial health were unrelated to funding mechanisms, all bars would be approximately equal-sized. Instead, 42.0% of fully insured sponsors were in the bottom quartile, compared with 20.2% of mixed-funded and 18.2% of self-insured sponsors; see the red bars in the bottom-left portion of Figure 14. Based on how frequently their ratios of profit to total debt were in the bottom quartile, mixed-funded and self-insured companies may appear to be in better financial health than fully insured companies by this metric alone. However, the other two financial metrics present a different picture.

[67] The Altman Z-Score is an index summarizing five financial measures that are used to predict bankruptcy risk; see footnote 21 on page 10. A Z-Score greater than 2.99 is considered the "safe" zone, a score between 1.80 and 2.99 is in the "grey" zone, and a score of less than 1.80 is in the "distress" zone. The 25th percentile of Altman Z-Scores of plan sponsors in our analysis was 1.53; i.e., all companies in the bottom quartile and some in the third quartile were considered to be in the "distress" zone. For details, see E.I. Altman, "Financial Ratios, Discriminant Analysis and the Prediction of Corporate Bankruptcy." *Journal of Finance* 23(4) (1968), pp. 589–609.

Figure 14. Financial Health of Companies Matched to Form 5500 Health Plan Filings, by Funding Mechanism (2023)



Source: Form 5500 filings of large health plans, Bloomberg

The ratio of cash holdings to total debt suggests that plan sponsors of fully insured plans were in better financial health than plan sponsors of mixed-funded and self-insured plans, while the Altman Z-Score ranks plan sponsors of fully insured and self-insured plans lower than plan sponsors of mixed-funded plans. In short, there is no consistent evidence that mixed-funded or self-insured plan sponsors were in better or worse financial health than fully insured sponsors in this set of 5.7% of the plan sponsors whose financial data we have obtained. These findings are generally consistent with those in prior reports. Finally, as in prior years, fully insured health plans showed a wider dispersion of financial health (as measured by the share of plans in the bottom and top quartiles combined) than mixed-funded and self-insured plans.

Table 24 shows the percentages and sample sizes corresponding to Figure 14.

Table 24. Financial Health of Companies Matched to Form 5500 Large Health Plan Filings, by Funding Mechanism (2023)

		All	Fully insured	Mixed	Self-insured
Profit over total debt	Best quartile	25.0%	22.7%	26.1%	25.6%
	Second quartile	25.0%	16.6%	27.1%	28.6%
	Third quartile	24.9%	18.7%	26.6%	27.6%
	Worst quartile	25.1%	42.0%	20.2%	18.2%
	# Obs	3,177	843	941	1,393
Cash (equivalent) holdings over total debt	Best quartile	25.0%	40.8%	21.9%	17.7%
	Second quartile	24.9%	25.6%	26.2%	23.7%
	Third quartile	25.1%	17.4%	27.0%	28.4%
	Worst quartile	25.0%	16.2%	24.9%	30.3%
	# Obs	3,300	870	964	1,466
Altman Z-Score	Best quartile	25.0%	24.8%	27.6%	23.2%
	Second quartile	25.0%	19.6%	28.4%	25.7%
	Third quartile	25.0%	20.8%	26.2%	26.7%
	Worst quartile	25.0%	34.8%	17.8%	24.4%
	# Obs	2,669	693	831	1,145

Source: Form 5500 large health plan filings and Bloomberg data.
Percentages may not sum to 100% due to rounding.

6. GROUP INSURANCE ARRANGEMENTS

The analysis above excludes GIAs because GIAs are not group health plans. However, they may be of interest for their role in securing employer-sponsored health benefits. A GIA provides benefits to the employees of two or more unaffiliated employers (not in connection with a multiemployer plan or a collectively bargained multiple-employer plan), fully insures one or more welfare plans of each participating employer, uses a trust or other entity as the holder of the insurance contracts, and uses a trust as the conduit for payment of premiums to the insurance company.[68] Welfare plans that use a GIA to provide benefits do not have to file a Form 5500 as long as the GIA files. By definition, GIAs are fully insured.[69]

For 2023, 47 arrangements covering 287,104 participants submitted Form 5500 filings as GIAs, compared with 59,783 large group health plans that covered 87.7 million participants. GIAs (which are generally comprised of multiple plans) tend to be larger than group health plans. For example, 85.1% of GIAs covered 500 or more participants, compared with 28.9% of large group health plans.

GIAs further differ from group health plans in their distribution of industry sectors. Perhaps due to the diversity of their contributing employers, as many as 46.8% of GIAs reported a "Miscellaneous" industry or none at all. Also, 23.4% were active in the finance, insurance, and real estate sector, and their participants accounted for 53.8% of all GIA participants, compared with just 10.1% of large group health plans and 9.7% of participants in such plans.

[69] The plans participating in a GIA must fully insure one or more welfare plans. In rare situations, a dental or small vision plan in the GIA could be self-insured, but the medical benefits are fully insured.

7. CONCLUSION

The ACA was enacted in 2010 and has brought about far-reaching changes to health care financing, delivery, and coverage. This report and its counterparts from prior years aim to monitor any changes in employer-sponsored health benefit coverage and its funding mechanism that employers have made in the years since the ACA became law. While in the past we identified several time trends, with the exception of the increase in self-insured coverage by small plans, those changes tended to be moderate, generally started prior to 2010, and largely flattened out in recent years. This year, we note that many of these trends are following a similar pattern, including a continuation of the slower increase in the number of small plans filing that began in 2022. Additionally, the percentage of participants in large plans with some component of self-insurance has bounced back from its decrease in the prior year, putting it closer to its longer-term trend.

The number of health plans that filed a Form 5500 and the number of participants they covered grew between 2022 and 2023. The number of participants overall has continued to grow since 2013 except for the decline between 2019 (79.0 million) and 2020 (78.4 million), reaching 87.7 million in 2023. These overall changes in the population covered are driven primarily by the growth of large plans, which has been relatively steady over the past ten years, with the exception of 2020. We note that most small health benefit plans were exempt from filing a Form 5500, so no conclusions should be drawn based on this report with respect to the number of small employers that offered health benefits or the number of participants they covered. However, a notable change occurred in the rate of growth in the number of small health plans filing in 2023. Small plans filing Form 5500 increased by about 4.9% from 26,606 in 2022 to 27,922 in 2023. This is the second year of more moderate growth of small plans after the more rapid increase of 46.9% between 2020 and 2021 and an even larger percentage increase (77.9%) in the number of small plans filing between 2019 and 2020. The number of participants in small health plans that filed in 2023 grew by only 9.2% to 283,781, marking the second year of slower increases, after increasing by 17.8% in 2021 and 39.0% in 2020.

Among large plans, the overall distribution of funding exhibited a slight increase in the percentage of plans with some self-insured component. At the participant level, mixed-funded plan enrollment increased by 2.6 percentage points. This increase in the percentage of participants in plans with some self-insured component was driven in great part by a shift of one large plan to mixed-funded from fully insured in 2023.

The data offer little insight into the funding distribution among small plans because most small plans are exempt from filing a Form 5500. However, the number of self-insured or mixed-funded small plans that filed in 2023 increased by 4.8% over 2022. Most of that increase is due to small plans that appear to participate in a non-plan MEWA.

Among mixed-funded small plans, stop-loss coverage continued its decline identified in last year's report from 69.3% in 2021 to 65.0% in 2022 and continued to 51.0% in 2023. Among self-insured small plans filing, stop-loss coverage continued an upward trend over the past 10 years, starting at 23.4%

in 2014 and increasing to 54.2% in 2022 and to 58.6% in 2023. For large plans, the observed trend in reported Form 5500 data toward less stop-loss coverage is continuing. Among mixed-funded large plans, stop-loss coverage declined slightly to 14.3% in 2023 from 14.8% in 2022. Among self-insured large plans, there was a slight decrease from 20.7% in 2022 to 19.9% in 2023. It is unclear whether these findings reflect trends in overall stop-loss coverage. Form 5500 filings are known to be an incomplete source of information about stop-loss coverage. Insofar as reported, stop-loss coverage was much greater for small plans than for large plans.

Overall, the Form 5500, despite some known limitations, continues to be a useful data source to better understand the type and range of health benefits that employers provide to American workers. The relatively long history of these data can help inform important policy debates surrounding these benefits. It can be anticipated that future versions of this report will continue to document these important trends.

TECHNICAL APPENDIX

The definitions of funding mechanism rely upon the fields of Form 5500 and its Schedules as outlined in Table 1.

Table 1. Data Fields Used to Determine Plan Funding Type

Source	Description
Form 5500, Line 5; Form 5500-SF, Line 5a	Total number of participants at the beginning of the plan year
Form 5500, Line 6d; Form 5500-SF, Line 5b	Number of participants at the end of the plan year who are active, retired, separated, or retired/separated and entitled to future benefits
Form 5500, Line 9a	The ‘‘funding arrangement’’ is the method for the receipt, holding, investment, and transmittal of plan assets prior to the time the plan actually provides benefits. Plan funding arrangement (check all that apply) 1. Insurance 2. Section 412(e)(3) insurance contracts 3. Trust 4. General assets of the sponsor
Form 5500, Line 9b	The ‘‘benefit arrangement’’ is the method by which the plan provides benefits to participants. Plan benefit arrangement (check all that apply) 1. Insurance 2. Section 412(e)(3) insurance contracts 3. Trust 4. General assets of the sponsor
Schedule A, Line 1e	Approximate number of persons covered at the end of the plan year
Schedule A, Line 2a	Total amount of commissions paid
Schedule A, Line 2b	Total fees paid
Schedule A, Line 3e	Organization code of agents, brokers, or other persons to whom commissions or fees were paid: 1. Banking, Savings & Loan Association, etc. 2. Trust Company 3. Insurance Agent or Broker 4. Agent or Broker other than insurance 5. Third party administrator 6. Investment Company/Mutual Fund 7. Investment Manager/Adviser 8. Labor Union 9. Foreign entity 0. Other
Schedule A, Line 6b	Premiums paid to carrier

Source	Description
Schedule A, Line 8	Type of benefit and contract types: A. Health (other than dental or vision), I. Stop loss (large deductible), J. HMO contract, K. PPO contract, L. Indemnity contract, M. Other and other codes for dental, vision, life, disability, etc. More than one code may be checked.
Schedule A, Line 8m	Description of "Other" benefit and contract type
Schedule A, Line 9a(4)	Total earned premium amount for experience-rated contracts
Schedule A, Line 9b(3)	Incurred claims
Schedule A, Line 9b(4)	Claims charged
Schedule A, Line 9e	Dividends or retroactive rate refunds due
Schedule A, Line 10a	Total premiums or subscription charges paid to carrier for nonexperience-rated contracts
Schedule H, Line 1f; Form 5500-SF, Line 7a	Total assets at the beginning of the plan year and at the end of the plan year
Schedule H, Line 1k; Form 5500-SF, Line 7b	Total liabilities at the beginning of the plan year and at the end of the plan year
Schedule H, Line 1l; Form 5500-SF, Line 7c	Net assets at the beginning of the plan year and at the end of the plan year
Schedule H, Line 2e	Benefit payment and payments to provide benefits: 2e(1) Directly to participants or beneficiaries, including direct rollovers 2e(2) To insurance carriers for the provision of benefits 2e(3) Other 2e(4) Total benefit payments
Schedule I, Line 2e; Form 5500-SF, Line 8d	Benefits paid (including direct rollovers)

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